



# INTERNATIONAL Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Paris, Saturday-Sunday, February 5-6, 1994

No. 34,504



PRAYING FOR PEACE — Muslim women praying Friday at a mosque in Tuzla, Bosnia. In a Sarajevo suburb, shelling killed at least 8 people who were in line for food. Page 2.

## Hosokawa's Debacle Threatens U.S. Trade Ties

By Paul Blustein  
*Washington Post Service*

TOKYO — Nobody said it was going to be easy for Prime Minister Morihiro Hosokawa when he took office last August at the head of a fractious seven-party coalition, vowing to eradicate political corruption, open the economy and curtail the influence of the elite bureaucracy.

But in the last couple of days, Mr. Hosokawa has suffered a particularly damaging debacle

over taxes that is hurting his reputation as a bold, new-style leader.

Not only was he forced into a humiliating retreat Friday on a tax plan he had advanced

Bill Clinton, the episode is casting a new shadow over U.S.-Japanese relations, because progress on resolving trade and economic disputes is further behind than ever — in part because of the tax controversy.

As Mr. Hosokawa retreated to his official residence Friday afternoon, few here were disagreeing with the assessment of his performance voiced by Yoshiro Mori, secretary-general of the opposition Liberal Democratic Party. "If this has been a case of decision-making on international relations," Mr. Mori

said, "it might have brought about a major disaster."

Mr. Hosokawa, whose aristocratic mien and crusading rhetoric have earned him high popularity, looked inept from the start when he proposed a rise in the highly unpopular national sales tax at a pre-dinner press conference Thursday.

He said he was "abolishing" the 3 percent

sales tax and replacing it with a 7 percent

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just one day before, but his conduct made him appear almost as a lackey of the very bureaucracy whose influence he has pledged to curb.

Coming just a week before Mr. Hosokawa's summit meeting in Washington with President

Clinton, the episode is casting a new shadow over U.S.-Japanese relations, because progress on resolving trade and economic disputes is further behind than ever — in part because of the tax controversy.

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## From Old Tragedy to New Opportunity in Vietnam

By R.W. Apple Jr.  
*New York Times Service*

WASHINGTON — It was Lyndon B. Johnson's war, though the initial commitments were made by John F. Kennedy. The peace, such as it was, was the handwork of Richard Nixon, but that was tainted by the stench of defeat.

Now fate has chosen Bill Clinton to lead the nation in consigning the whole sad, ugly ordeal to the dim recesses of memory — the same Bill Clinton who, like Dan Quayle and many other privileged members of his generation, managed to avoid service in the rice paddies of the Mekong Delta or the jungles of the Central Highlands, on the campaign in the Gulf of Tonkin or the choppers of the 1st Cavalry Division.

Some organizations that represent veterans of the war

protested bitterly even before President Clinton announced the lifting of the 19-year embargo Thursday afternoon. No doubt a spiritied scrap will ensue.

But if the polls are to be believed, many voters agree with Mr. Clinton and with the Senate, which voted overwhelmingly last week to end the embargo.

The flag follows trade; it is said, and mutual diplomatic recognition between Hanoi and Washington is not likely to be delayed many years more, though the president specified that it would have to wait upon "a full and final accounting" of America's losses.

Slowly, almost imperceptibly, Vietnam has turned from a tragedy into an opportunity. Having watched the Germans and British making large investments there, having pondered the prospects of turning the outcome enemy into the next Thai- or Malay-style success story, American businessmen

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In April 1975 Americans were fleeing Vietnam in panic as the Communists closed in. Only now are the war wounds beginning to heal. President Clinton's lifting of the trade embargo this week is the first step toward full relations.

Hand welcomes "a new page" in relations. Page 5.

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# Rift Aside, U.S. and France Press Bosnia Pact

By Roger Cohen  
*New York Times Service*

**PARIS** — After their sharp dispute over policy in Bosnia, France and the United States are quietly trying to convene a high-level working group that would coordinate European and American peacemaking efforts in the Balkans and take these efforts in a new direction.

French and U.S. officials said Friday that a first meeting of the group could take place next week, just before long-stalled peace talks among the three warring factions in Bosnia resume in Geneva on Thursday.

The United States would be represented by Charles Redman, the U.S. special envoy to the Bosnian talks, and France by senior Foreign Ministry officials.

The officials said a outline agreement to set up the group was reached last week by Secretary of State Warren M. Christopher and the French foreign minister, Alain Juppé, even as they clashed over French requests that the United States put pressure on the Muslim-led Bosnian government to end the war.

The State Department later accused France of using "a strange moral calculus" in its approach to ending the conflict by suggesting that the main victims, the Muslims, should be

persuaded to accept an imperfect peace. France retorted that the United States was in no position to give morality lessons having washed its hands of the conflict.

"Unfortunately, the meeting ended up as a public shambles," an official said. "But alongside that there was an understanding that the United States could get more involved in the peacemaking process provided the focus of these efforts changes somewhat."

This shift is now expected to be provided by a meeting of European foreign ministers in Brussels on Monday, the sources said.

The ministers would make clear that a proposed map for carving up Bosnia-Herzegovina along ethnic lines is open to changes that would substantially improve the quality of the land being offered to the Bosnian Muslims, and would invite the United States and Russia to take a more active role in the peace negotiations.

"It's clear that the European Union has to propose something rather different to get the United States involved, and I think we are prepared to do that," a French official said.

Specifically, it appears that the Europeans are ready to take a tougher stance in insisting that the Serbs return towns and villages in eastern Bosnia from which the Muslim

majority was driven out in a process known as "ethnic cleansing," the officials said.

"We want the pressure to be on the Serbs to improve the quality of the land being offered to the Muslims, even if the quantity is not increased that much," a U.S. official said. "We also want to try to get a fairly clear statement from the Muslims over the next few weeks of what they could live with."

A peace initiative started in November by France and Germany that offered a gradual easing of sanctions on Sarajevo in return for the Serbs giving the Muslims more land has proved futile.

The Serbs, who hold about 70 percent of Bosnia, have offered a settlement that would leave the Muslim-led Bosnian government with about one-third of the former Yugoslav republic, the Croats with 17 percent and themselves the rest. But Bosnia's prime minister, Haris Silajdzic, has dismissed the offer as inadequate.

The impasse has now led the Europeans to the view that U.S. and Russian assistance are essential if any settlement is to be reached, because only the Russians have real credibility with the Serbs and only the United States is trusted as a guarantor of any eventual peace by the Bosnian government.

## Shells Hit Food Line, Killing 8 In Bosnia

Compiled by Our Staff From Dispatches

## WORLD BRIEFS

### Mandela Says De Klerk Fears Right

**KROONSTAD**, South Africa (AP) — Nelson Mandela accused President Frederik W. de Klerk of cowardice and paralysis Friday in the face of threats and bombings by white extremists who oppose multiracial elections.

On a trip to Orange Free State, a stronghold of rightists, the leader of the African National Congress said Mr. de Klerk "was frightened when the right wing said you do not enter this station or we will fight. Mr. de Klerk does not have any fighting spirit. He's like one of those cowards who shout, 'Till get you,' at the same time he is running away." The two shared the 1993 Nobel Peace Prize, but their relationship has turned bitter.

In recent weeks, a string of bombings has struck offices of the ANC and affiliated groups in Orange Free State. They are presumed to be part of a campaign by extremists. No suspects have been apprehended. Most of the blasts have caused damage but only two injuries.

### Bail Granted in Attack on Charles

**SYDNEY** (AP) — David King, the 23-year-old student accused of shooting blanks at Prince Charles with a starting pistol, was granted bail on Friday but was ordered to enter a psychiatric hospital.

Judge Rex Smart allowed the bail of 5,000 Australian dollars (\$3,550) on the condition that Mr. King remain in the hospital's care until deemed fit to be released. Judge Smart said Mr. King, who has no prior convictions, presented himself as "stir, sorry, depressed, and distressed."

The court heard testimony Thursday that Mr. King would be "suffered from depression and had been on what he believed would be a 'suicide mission' to draw attention to the plight of Cambodian refugees detained in Australia when he fired the blanks at the prince during an outdoor ceremony in Sydney on Jan. 26. Mr. King's next court appearance on four criminal charges is scheduled for Feb. 25.

### Progress on a Somali Government

**MOGADISHU**, Somalia (Reuters) — A Somali warlord, Mohammed Ali Mahdi, said Friday that rival Somali leaders were close to agreement on forming a government, and that even a weak government was better than none.

It would be "a body without a head" but "we have to opt for the easiest solution," he said. "Only the Somalis can decide the fate of Somalia. No one can impose it."

Mr. Ali Mahdi, who considers himself a Islam president, was speaking after talks in which the U.S. special envoy, Robert Oakley, is acting as go-between among factions including Mr. Ali Mahdi's main rival, General Mohammed Farrah Aidid, the region's dominant warlord.

### Plot Meant to Spread Fear, Iran Says

**TEHRAN** (Reuters) — President Hashemi Rafsanjani of Iran said Friday that a plot to assassinate him was intended to spread fear and show weakness in Iran's Islamic revolution.

A man fired five shots, apparently from a small-caliber pistol, during a ceremony at the shrine of Ayatollah Ruhollah Khomeini while Mr. Rafsanjani was giving a speech Tuesday. Mr. Rafsanjani was not harmed.

Mr. Rafsanjani said that the plotters wanted to make the ceremony unusable so that people would not take part and that they sought to "give a sign to the outside world that the revolution has lost its leader." Iranian officials reported that the assailant and accomplices, who were described as "anti-Islamic and anti-revolutionary," had been arrested.

### Finnish Candidates Neck and Neck

**HELSINKI** (Reuters) — Finns, concerned about about economic and foreign policy issues, will choose between a defense minister and a veteran UN diplomat in a presidential election on Sunday.

Opponents polls share the race for the presidency becoming increasingly close, with Defense Minister Elisabeth Rehn of the Swedish People's Party, a junior member of the center-right government, and Martti Ahtisaari of the opposition Social Democrats running neck and neck.

Miss Rehn and Mr. Ahtisaari led nine other candidates in the election's first round on Jan. 16, but failed to win the 50 percent needed to avoid a second round of voting. The winner will succeed Mauno Koivisto, who steps down on March 1.

### Mayan Rebels Ask Mexico for Talks

**SAN CRISTOBAL DE LAS CASAS**, Mexico (Reuters) — Maya Indian rebels have agreed to open peace talks aimed at ending their rebellion in southern Mexico, but they accused the government of trying to humiliates them and threatened fresh attacks.

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### U.S. Leaders Ignore Genocide, Aide Says

**BY TIM WEINER  
New York Times Service**

**WASHINGTON** — A State Department official has accused the United States of deliberately ignoring "genocide" by Serbian leaders against Bosnian Muslims.

"Senior U.S. government officials know that Serb leaders are waging genocide in Bosnia but will not say so in plain English because this would raise the pressure for U.S. action," Richard Johnson, head of the State Department's Yugoslavia desk from 1990 to 1992, wrote in a paper prepared last month at the National War College.

The paper, titled "The Pin-Stripe Approach To Genocide," says President Bill Clinton, Secretary of State Warren M. Christopher, and senior State Department officials have played down evidence that the so-called ethnic cleansing of Muslims in Bosnia constitutes genocide — the systematic killing of a people — under international law.

"Senior policymakers have failed to level with the American people on the nature of the moral and security challenge the United States faces in the Balkans," Mr. Johnson wrote.

The paper describes a State Department luncheon in April to honor Eli Wiesel, the Nobel Peace Prize laureate, and presided over by Undersecretary for Political Affairs Peter Tarnoff and the State Department counselor, Timothy E. Wirth.

Mr. Johnson said that Mr. Wiesel argued that the Serbs conduct created "a moral imperative" for American intervention.

"Tarnoff told Wiesel's point but noted that failure in Bosnia would destroy the Clinton presidency," Mr. Johnson wrote, and tuncion guests confirmed his account.

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The survey by the Doxa institute provided a timely boost for the multimillionaire, who has threatened to go it alone in the elections March 27 and 28 unless potential allies in the center and on the right stop squabbling and join forces against the left.

At the same time, however, two-thirds of those surveyed said they did not know which party to vote for in the general elections, which will be held under a new simple majority system that is expected to redraw Italy's political map.

"The number of 'don't know' has never been so high as this time round," said Enrico Salomon, the institute's director. He cautioned that the uncertainty would affect the reliability of polls.

In the telephone survey of 506 people, 25 percent of respondents saw Mr. Berlusconi as the person most able to tackle Italy's problems.

The confusion is even greater in the center and on the right, where potential alliances have proved elusive amid a series of mutual recriminations.

## Italian Poll Favors Media Magnate

**ROME** — The media magnate Silvio Berlusconi emerged Friday as Italy's most trusted politician in an opinion poll that also revealed deep confusion among voters over which party to back in the general elections.

The survey by the Doxa institute provided a timely boost for the multimillionaire, who has threatened to go it alone in the elections March 27 and 28 unless potential allies in the center and on the right stop squabbling and join forces against the left.

No other politician, including the leftist leader Achille Occhetto, hit double figures, and 30 percent of the sample said none of the top names was up to the job of running Italy.

The new electoral system has been heralded as the centerpiece of a quiet revolution sparked by corruption scandals that have devastated Italy's political old guard.

The system puts a premium on alliance-forming and is intended to create a bipolar political system but to date it has sparked only bittering disputes and the discredited maneuvering of old.

Even an eight-party leftist alliance, led by the former Communists, Mr. Occhetto's Democratic Party of the Left, is struggling to hold together only three days after it was organized.

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The system puts a premium on alliance-forming and is intended to create a bipolar political system but to date it has sparked only bittering disputes and the discredited maneuvering of old.

Even an eight-party leftist alliance, led by the former Communists, Mr. Occhetto's Democratic Party of the Left, is struggling to hold together only three days after it was organized.

The confusion is even greater in the center and on the right, where potential alliances have proved elusive amid a series of mutual recriminations.

The survey by the Doxa institute provided a timely boost for the multimillionaire, who has threatened to go it alone in the elections March 27 and 28 unless potential allies in the center and on the right stop squabbling and join forces against the left.

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# THE AMERICAS / 'PROGRAMMATIC TERMINATIONS'

## Clinton Targets 115 Programs To Kill, but Fight Is Brewing

By Ann Devroy  
*Washington Post Service*

WASHINGTON — President Bill Clinton will propose killing 115 federal programs to save \$3.25 billion in the budget he sends to Congress on Monday, a move lawmakers are predicting will produce political howls of pain.

According to documents obtained by The Washington Post, the president's plan proposes reduced spending for 300 federal programs, including the 115 — in the "List of Programmatic Terminations" — that would be eliminated as part of the \$1.5 trillion budget.

Mr. Clinton has said this budget is one of the toughest ever because of the spending caps put in place last year that require the White House to achieve spending-reduction commitments made in the \$300 billion, five-year deficit-reduction plan Congress approved last summer. This year's budget is about \$30 billion less than Mr. Clinton's budget request of a year ago.

To meet the caps as well as increase spending in what Mr. Clinton calls his "investment" agenda, the White House has been forced to sharply reduce discretionary spending in many areas and eliminate what officials there call "good but marginal" federal programs.

Among programs on the extinction list are aid for local schools serving military dependents, oilseed export subsidies, 40 separate small National Oceanic and Atmospheric Administration projects in states across the country, the Defense Department's heavy cargo helicopter procurement program and its ship-based anti-submarine warfare helicopter, a search and rescue helicopter and F-16 fighter aircraft. NASA would lose its advanced solid rocket motor program that was in jeopardy last year.

The Bureau of Indian Affairs would lose three grant programs and payments to law schools that set up legal-assistance programs. Uranium-enrichment research along with state student incentive grants would be killed.

Wiping out federal programs has become one of the biggest struggles in Congress, even when overall

spending is being reduced because virtually every program has a politically powerful sponsor and an active public constituency.

One of the few programs Mr. Clinton proposed to eliminate during the presidential campaign, the federal honey-bee industry subsidies, turned into a virtual yearlong battle after Mr. Clinton tried to carry out that pledge last year.

Congressional appropriators said Mr. Clinton's proposals to slash spending to make way for his investment initiatives will touch off bitter squabbling on Capitol Hill, where members are beginning to focus on how tight next year's budget will be.

"You have so many members who think domestic programs have been cut too much already," said Representative John P. Murtha, Democrat of Pennsylvania, a senior member of the House Appropriations Committee. "The fight will be getting enough votes to pass the president's budget. It's going to be very difficult."

Although not eliminated, other programs will suffer spending cuts after the figures are adjusted for inflation. NASA would experience its first actual budget reduction, a cut of \$250 million from this year. Rural Electrification Administration loan subsidies would be cut, the program that helps poor Americans pay for home heating oil would be reduced 70 percent, and operating subsidies for urban mass-transit would be cut by 25 percent.

Many of the programs proposed for elimination were targeted by Presidents Ronald Reagan and George Bush, but survived nonetheless. Mr. Clinton proposed last year to kill a handful of the same programs, such as the F-16, but failed.

The difference this year, an administration official said, is that with much longer time to work on the budget plan, the administration "could really scrape the bottom" for cuts. Mr. Clinton's first budget was sent to Congress less than a month after his inauguration.

The budget also carry out the first phase of Mr. Clinton's pledge to reduce 252,000 federal workers over five years, proposing that 118,000 positions be cut during the first two years.

## Hurdle-Jumping at State Dept.

### Jewish Groups Question Nominee's Writings on Israel

By Elaine Sciolino  
*New York Times Service*

WASHINGTON — Some American Jewish organizations have raised questions about the writings of Strobe Talbott, the deputy secretary of state-designate, on Israel, which some say reflect at best ignorance, at worst hostility.

Two Jewish groups have gone on the offensive, sending excerpts around town from two columns that Mr. Talbott wrote for Time magazine and calling on President Clinton to withdraw his nomination. Mr. Talbott, who has been a close friend of Mr. Clinton's since they were roommates at Oxford University, is now the State Department's ambassador-at-large for the former Soviet Union.

By contrast, other Jewish organizations have chosen to engage in a discussion with the nominee, although they contend that he has a

lot of explaining to do. Lester Pollak, the chairman of the Conference of Presidents of Major Jewish Organizations, and Malcolm Hoenlein, the director, met with Mr. Talbott for 90 minutes on Thursday.

Senate Foreign Relations Committee members said that for the moment, Mr. Talbott is expected to win approval when he comes before the committee on Tuesday.

Mr. Talbott made his reputation as a specialist on the Soviet Union as a correspondent and columnist for Time magazine. And he has written little about the Middle East, and what he has written is open to some interpretation. Nowhere is there any written record, recent or an amicus toward Israel.

In a column titled "How Israel Is Like Iraq" in October 1990, more than two months after Iraq's invasion of Kuwait, Mr. Talbott wrote:

"But some leaders of other Jewish organizations praised Mr. Talbott and criticized the campaign against him."

### POLITICAL NOTES

#### The No. 2 Becomes the No. 1 at the Pentagon

WASHINGTON — William J. Perry has been sworn in as secretary of defense, ending a effort of seven and a half weeks by the Clinton administration to replace Les Aspin, who was forced to step down.

The former Stanford University engineering professor, 66, took the oath of office in a private ceremony at the Pentagon after the Senate voted, 97 to 0, to confirm his nomination. Earlier, the Senate Armed Services Committee endorsed the appointment unanimously.

The vote Thursday followed a hearing before the Armed Services panel during which Mr. Perry, who has served as Mr. Aspin's deputy for the past 11 months, won plaudits from senators.

#### A Rebuffed Nominee to Get White House Post

WASHINGTON — Morton H. Halperin, the candidate forced to withdraw last month as President Bill Clinton's choice to supervise Pentagon peacekeeping policy, is finding a home on the National Security Council, where he will probably do much the same work but will not need Senate confirmation.

Officials said Thursday that Mr. Halperin, 55, former director of the Washington office of the American Civil Liberties Union, will be

shortly become a special assistant to the president in charge of promoting democracy and human rights overseas.

(NYT)

#### Wanted: 1,000 Agents to Bar Illegal Mexicans

WASHINGTON — The United States unveiled a new border control program to hold down illegal immigration from Mexico by adding more than 1,000 agents and electronic equipment on the southwest frontier.

The \$365 million for the system in fiscal 1995 will be requested in President Bill Clinton's proposed budget Monday and will require congressional approval. It could get the support of delegations from five large states with immigration concerns: California, Texas, New York, Florida and Illinois.

#### Quote/Unquote

President Bill Clinton: "Whatever the Vietnam War may have done in dividing our country in the past, today our nation is one in honoring those who served and pressing for answers about all those who did not return. This decision today, I believe, renews that commitment and our constant, constant effort never to forget those until our job is done."

(NYT)

#### Away From Politics

The Labrador retriever is still top dog. The American Kennel Club says the "lovable" breed retained its spot as the national favorite, and the "dependable and rugged" Rottweiler remained No. 2. The German shepherd ranked third, the cocker spaniel fourth and the golden retriever fifth. The poodle, beagle, dachshund, Dalmatian and Shetland sheepdog rounded out the rest of the top 10.

Despite their speedy response to the earthquake in Los Angeles, federal relief officials badly underestimated the number of residents left homeless and were overwhelmed by tens of thousands of non-English-speaking victims seeking help, it was disclosed Thursday at a Senate subcommittee hearing.

• Widely expanded alcohol and drug-testing requirements for truck drivers, pilots, railroaders and other "safety-sensitive" transportation workers have been announced by Transportation Secretary Federico Peña.

• Louis Farrakhan's decision to suspend a senior aide for an inflammatory speech made at Kean College in Union, New Jersey, in November was hailed by the chairman of the college's board of trustees. "I applaud the many citizens, legislators and officials appointed and elected, who have come forward to denounce the comments by Muhammad," said the chairman, Larry Lockhart. He was referring to a speech by Khalid Abdul Muhammad that sought to justify the Holocaust.

• Expressions of anti-Semitism by African Americans are a growing concern for American Jews, many of whom remember the early 1960s when prominent members of both groups worked together on such projects as voting rights and fair housing laws. "I emerged from the civil rights movement and have very deep feelings about the importance of peace between the black and Jewish communities," said Rabbi Avi Weiss, national president of the Coalition for Jewish Concerns. "And I struggle as to why it's gone sour in some segments of the communities."

• The Pentagon will be a few weeks late in finalizing regulations to ban homosexual conduct in the military. The Defense Department chalked up the delay to paperwork. The new regulations, which were to go into effect Saturday, were supposed to be given to commanders in the field so they would have to precise definitions of homosexual conduct.

AP, LAT, WP, NYT

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## Generals Press Rabin On Security In PLO Pact

The Associated Press

JERUSALEM — Prime Minister Yitzhak Rabin met with his generals Friday to discuss a split between army chiefs and Foreign Minister Shimon Peres over negotiations on security issues with the Palestinians.

The chief of staff, Lieutenant General Ehud Barak, has insisted on army control of Jewish settlements and their immediate environs under the proposed Palestinian autonomy agreement for the Gaza Strip and Jericho.

"Our role is to ensure that any agreement allows our commanders to know what is permitted, and what is forbidden," General Barak said on Israeli radio. "It is very important to be precise, detailed and clear."

The daily *Yedioth Ahronoth* reported that the general, in a meeting with the prime minister, accused the foreign minister of eroding Israel's positions on security matters in talks with the Palestine Liberation Organization leader, Yasser Arafat.

Mr. Peres, in turn, said the army was "almost obsessive" on details, the paper reported.

Mr. Rabin played down the differences: "We're not discussing issues of principles, but their translation into the everyday."

The prime minister seemed more optimistic than he did after the talks between the foreign minister and Mr. Arafat in Davos, Switzerland, last weekend, when he said an agreement could take weeks.

Mr. Rabin told Israeli radio that his meeting with the army chiefs was "to consolidate what was advanced significantly in the Davos talks when Peres meets Arafat Monday in Cairo."

"But the heart of the security issue has been dealt with in Davos and I hope will be concluded in Cairo," he said.

The radio said Mr. Rabin had rejected the idea of joint patrols with Palestinian police, Palestinian outposts on the roads leading to the Gush Katif bloc of settlements in the Gaza Strip and did not want any Palestinian customs agents.

The newspaper quoted Nabil Shaath, the chief Palestinian negotiator, as saying of the Davos talks: "Almost everything was ready and suddenly Peres said: 'I have to make a final call to Rabin.' His face was radiant; he went to make the call. When he returned his face was crestfallen." The newspaper said Mr. Rabin's reaction was in deference to his generals.



Palestinians riding a donkey cart Friday as Gaza Strip observed a general strike to protest the slaying of a guerrilla leader by the Israelis.

## Russia Seeks Nearby Focus for Its Peacekeepers

Reuters

MOSCOW — Defense Minister Pavel S. Grachev appealed Friday for a strong United Nations mandate for Russia to carry out peacekeeping missions in the former Soviet Union.

Speaking to the French defense minister, François Leotard, who is on a two-day visit to Moscow, General Grachev made it clear that Russia hoped to concentrate on this task rather than send more peacekeeping troops elsewhere in the world.

"Some Western countries reproach us for

sending too few peacekeepers to Bosnia," he told Mr. Leotard. "But we have already allocated more than 16,000 servicemen to carry out peacekeeping missions in the former Soviet Union."

"We carry out an important task and deserve a stronger UN mandate to accomplish it," General Grachev said.

Russia, which inherited most of the Soviet Army, has found itself in the cross fire of regional conflicts that have struck former Soviet republics since the Soviet Union collapsed in late 1991.

a reform program to correct its

the makings of Asia's next hot market?

"Actually, sir, it's a very quiet day," said a broker, bored enough to guide a visitor through the aromatic maze and introduce a 97-year-old broker making a market in Sindia Shipping. "You should see them when they work themselves into a frenzy."

Outside, on Dalal Street and in neighboring lanes, the situation was calmer, but no less intense. Tens of thousands would-be investors shuffled in orderly lines toward a chance to join in a fray that would have seemed unimaginable when, in June 1991, India mounted

horrible," said Sunil Varma, branch manager of the Bank of Baroda, who spends much of his time chasing would-be investors who missed application deadlines. "We must be the busiest bank in the world."

In the past 12 months, more than 500 companies went public, joining 7,000 other concerns in India's \$19 billion market. This year, judging from one month alone, there will be more. Amid the constant thumps of stamping, Mr. Varma's branch is accepting 100,000 new share listing applications a day.

The banks, while crowded, are coping with still more application forms, ground to a halt. "It's like this every day and it's

keeping up, generating mountains of paper and almost as much controversy as foreign institutional investors pour into the market. The Sensex index rose 50 percent in three months.

Hongkong & Shanghai Banking Corp., which handles more than 70 percent of the custodial business for foreign institutional investors in Indian securities, now refuses new business and warns its customers that they face increased risk due to the backlog of paperwork.

"We're saying they must recognize India is not like other regional markets," said Steve Page, senior manager for securities services for the Hongkong Bank in Bombay. "Essentially, institutional investors are putting wholesale money into a retail market."

Foreign investors pumped \$1 billion into Indian listed stocks in 1993, most of it in November and December. Analysts agree that the total could climb to at least \$4 billion this year.

At the same time, they say that major changes are required to a verification and registration system redundant of the bygone British Raj era.

A transaction involving \$2 million worth of stocks might require 40,000 to 50,000 transfer deeds to be processed. Until a few days ago, each required new tax stamps, three sets of identification numbers and two signatures.

Although the regulatory Securities and Exchange Board of India has thrown its weight behind the introduction of "jumbo" transfer deeds for batches of shares and automated stamp and signature franking machines, Mr. Page said the backlog could not be cleared for "a couple of months."

Creating much larger blocks of shares for institutional investors is just one move in an ambitious reform effort by the securities board that has caused a collision course with Bombay's powerful brokers and even led to a 10-day strike in December.

A fully computerized National Stock Exchange has been backed by regulators searching for a way to protect investors from a host of questionable practices that thrive in the trading turbulence.

"For many years the system has worked beautifully," Rajendra Mehta said. "We don't like to admit it, but SEBI will have its way eventually. I don't think there will be any more strikes."

## Kohl Aide Calls a Cut In Troops Dangerous

Reuters

BONN — Foreign Minister Klaus Kinkel of Germany criticized a Defense Ministry decision to cut troop levels, saying in an interview published Friday that it could endanger constitutional military obligations.

Defense Minister Volker Rühe has said that troop strength will be cut to below 350,000 this year, 20,000 fewer than the level agreed with the World War II victory powers — the United States, the Soviet Union, Britain and France.

The government decided to make the military bear the brunt of public spending to rein in the deficit, and slashed its budget by over 5 percent for 1994.

"I can see the defense minister's problems," Mr. Kinkel told the Cologne daily *Express*. "But I believe we should definitely keep a troop strength of 370,000. If we shrink the army further, sooner or later it will become hard to fulfill our constitutional defense obligation."

"We must decide which troops we need for what tasks, and then talk money. Not the other way round — on the lines of 'how much money do we have and how many soldiers can we afford?'"

Last year Russia asked the United Nations to provide it with a formal mandate to run peacekeeping operations throughout the former Soviet Union.

But the move drew criticism from some other former Soviet republics, who have accused Russia of imperialist ambitions.

## In Britain, Adams Remains Voiceless

By Barry James  
*International Herald Tribune*

The British government, angered by what it sees as a public relations coup in New York by Gerry Adams, the political spokesman of the outlawed Irish Republican Army, will continue to ban the broadcasting of his voice.

Ireland lifted a similar gag last month, hoping to coax Mr. Adams's Sinn Fein party into endorsing a British-Irish peace plan for Northern Ireland.

But Peter Brooke, the government secretary in charge of media policy, said in a written answer in the House of Commons on Friday that the administration "will keep the matter under review." Officials said they were determined to keep Mr. Adams's voice off the air until he formally forswears violence.

Prime Minister Margaret Thatcher imposed the gag in 1988, saying she wished to deny Irish terrorism the "oxygen of publicity."

The ban applies equally to spokesmen for Protestant terrorist organizations, but does not extend to written material.

British television gets around the ban by having actors with Northern Irish accents speak in synchronization with videotaped recordings of Mr. Adams and others.

Many viewers complain that this is hypocritical, and journalists say that it prevents them from putting tough questions directly to Mr. Adams. But one official told Reuters that the gag was necessary because "it caused anger and distress in Northern Ireland to hear Mr. Adams's statements after terrorist atrocities."

Prime Minister John Major — whose government has been badly hit in the eyes of the public by sex and corruption scandals, and despite it has just introduced one of the biggest tax increases since World War II — needs the support of Ulster Unionist members of Parliament. They oppose letting Mr. Adams have any more publicity than he already has.

The British hand-wringing was markedly different from the attitude in Ireland, which made no objection to Mr. Adams's New York visit. The Irish government last month lifted a 20-year ban on broadcasting the voices of IRA spokesmen. The Dublin government hopes that this will increase dialogue surrounding a proposed British-Irish agreement to end 15 years of sectarian conflict in the six counties of Northern Ireland.

## JAPAN: Hosokawa's Tax Debacle

Continued from Page 1

"people's welfare tax," but he could barely keep a straight face when reporters demanded an explanation of the difference between the two levies.

Even though the increase would not take place until 1997, and even though it was designed to finance an immediate \$55 billion cut to stimulate Japan's ailing economy, the move set off a rebellion within the seven coalition parties.

The armed forces commander in chief has already said the cuts would affect Germany's security and military options.

Mr. Kinkel wants Germany to be able to expand its military role under UN mandates, with a view to getting a permanent Security Council seat.

Mr. Rühe has already clashed with him over the value of UN missions, and he said Germany may have to limit such ambitions in the light of the cuts.

"If the UK asked us this year to take part in a mission like the one in Somalia, we shouldn't have to say 'no' from the start on cost grounds," Mr. Kinkel said.

### Contact With Iran

Ambassador Richard C. Holbrooke said the United States was continuing to caution Germany about contacts with Iran, one of very few areas where the two allies "have some significant differences," The Associated Press reported from Washington.

He said the United States was "very concerned" about contacts with supporters of terrorism.

The United States and Germany have been working quietly on the issue since October, when both Britain and the United States publicly criticized meetings between the Iranian and German intelligence chiefs, he said.

Without any public accusations, "we are working at the problem, exchanging views and information and eliminating misunderstandings and disagreements," he said.

The United States does not object to the European Union's having "a critical dialogue" with Iran, Mr. Holbrooke said. He used Bonn's description of contact with the Iranian secret police, which Germany said helped gain freedom for nationals from friendly countries.

"Essentially we believe that the recent American experience suggests there is very little value and considerable risk in talking to people who support terrorism, and what is done must be done very carefully if at all," he said.

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"For many years the system has worked beautifully," Rajendra Mehta said. "We don't like to admit it, but SEBI will have its way eventually. I don't think there will be any more strikes."

Among those, by far the most important were a pair of senators — John F. Kerry, a Massachusetts

Democrat who won the Silver Star as a patrol-boat commander in the Mekong Delta, and John S. McCain 3d, an Arizona Republican, the son and grandson of admirals, who bailed out of his naval attack plane after it was hit over North Vietnam and spent five and a half years in an enemy prison camp.

But economists pointed out that the employment figures showed the average of hours worked per week moving toward its upper limits, from 34.5 to 34.8, and manufacturing overtime hours literally at wartime height, possibly pressuring inflationary pressures on wages.

But some economists said that by moving early, the Fed will have to move less over the long run.

To Wall Street, Mr. Greenspan's motives for moving so quickly were still uncertain. Consumer price inflation last year was only 2.7 percent, and few upward pressures are seen now.

But economists pointed out that the employment figures showed the average of hours worked per week moving toward its upper limits, from 34.5 to 34.8, and manufacturing overtime hours literally at wartime height, possibly pressuring inflationary pressures on wages.

Another who served in Vietnam emphasized the geopolitical aspect.

"We really need to have a relationship with these people, not for the past but for the future," said Frank Wisner, a career diplomat, now a senior Defense Department official, who was a provincial adviser in the Highlands. "Vietnam is a key actor along the Pacific Rim as we see it, the Chinese and others in the area head into the next century."

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A scholar who studied U.S. troops during the war and has studied them since forswore another benefit.

"Not many people realize it yet," said Charles Moskos of Northwestern University, one of the country's leading military sociologists, "but this will do what the peace treaty never did. More Americans will go to Vietnam. They will see how much the Vietnamese people like Americans, and how many supported the American intervention. That will rebound to the credit of the Vietnamese veterans and of the military today."

If so, the president's action will only represent the closing of a chapter in U.S. history.

Britain Isn't So Great, Mocking China Says

China's state news agency Xinhua has been publishing a series of articles that mock Britain's political and economic difficulties, particularly its handling of the IRA peace process.

The articles, which have been widely circulated on the Internet, include one that says Britain's "soft" approach to the IRA has been a "disaster" and that the IRA's "success" in getting a peace deal is "a victory for terrorism."

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## Britain Isn't So Great, A Mocking China Says

**BEIJING** — A gloating China said Friday that Britain was on a long-term political and economic decline and faced a crisis with its most important diplomatic partners — the United States, Europe and the Commonwealth.

In a signed essay on its international page, the Communist Party newspaper People's Daily called these the three main foreign policy challenges facing Prime Minister John Major's government.

Accompanying the essay was a cartoon of a skinny old nearsighted lion with grey hair, spectacles and walking stick staring at a portrait of himself in an earlier age as a ferocious, roaring lion with sharp teeth and full black mane.

"To remember is unbearable," the caption read.

Diplomats said the essay reflected Beijing's anger at London's refusal to drop efforts to widen democracy in Hong Kong before the British colony is handed over to Chinese rule in 1997.

"The glorious days of Britain are in the past," the essay said. "Economic figures show that its industry is fast declining and its share of world manufacturing output, trade and gross national product is dropping rapidly."

In recent years this economic decline has become serious," it said, "so that now it is very hard to reverse."

Britain's decline has been hastened by the end of the Cold War, the essay said, because the influence of economic power is growing rapidly while that of military power wanes.

It is this unmistakable reality that has sparked Britain's foreign affairs crisis, according to the essay, which was signed by a People's Daily writer, Chen Teat.

Since World War II, he wrote, Britain has never been more than a reluctant member of Europe and remains hesitant and uncommitted to European unity despite the rise of Germany as a unified and increasingly influential power.

And there is strain in London's valued "special relationship" with the United States as Washington has been cultivating closer links with Germany and Asia. London and Washington have growing differences on economic and political policy, it said, diverging over the former Yugoslavia and Northern Ireland.

The essay noted with glee that London had attracted U.S. plans to send a peace mission to Northern Ireland as "interference" in Britain's "internal affairs" — a phrase Beijing uses to counter U.S. critics of its human-rights policies.

Washington's decision to grant a visa to Gerry Adams, leader of the Irish Republican Army's political wing, Sinn Fein, has also angered London.

The newspaper said British power and credibility were slipping in the Commonwealth, citing Australia's plans to become a republic.

It said that the festering diplomatic rift over Hong Kong was troubling British businessmen, who fear they are being frozen out of lucrative contracts in China.

Worse, it said, British industry's main European competitors — Germany, France, Italy and Spain — have normalized relations with Beijing and enjoy profitable economic ties.



**PRICE PROTEST** — Supporters of the opposition Bharatiya Janata Party clashing Friday with New Delhi policemen as they tried to march on Parliament. The police arrested about 4,000 of the demonstrators, who were protesting price increases on basic goods.

## Hanoi Welcomes 'a New Page'

### Vietnam Pledges Full Help on Missing U.S. Servicemen

By William Branigan  
*Washington Post Service*

**HANOI** — Vietnam promised Friday to "continue to cooperate fully" with the United States in solving the issue of missing American servicemen after the lifting of a U.S. trade embargo. They agreed to the establishment of liaison offices in Washington and Hanoi "as a transitional step toward full diplomatic relations."

In a statement on President Bill Clinton's decision Thursday to lift the embargo, Vietnam's Foreign Ministry hailed the move as "a positive and significant decision" that opens "a new page in U.S.-Vietnam relations."

But in a news conference after reading the statement, Deputy Foreign Minister Le Mai curtly rejected Mr. Clinton's remarks that the decision was not "irreversible" and that the embargo could be reimposed.

In Hanoi, public reaction to the news was subdued. People appeared generally to be happy about it, but not demonstrative. In interviews, Vietnamese expressed hope that the end of the embargo would mean more jobs, more American imported goods, greater competition and lower prices.

Two decades after the Vietnam War ended in the Communist takeover of South Vietnam and in American defeat, with the loss of 58,000 lives, Vietnam is a different place. Most of its population now is too young to remember the war, and there is little animosity toward Americans.

Although still governed by a Communist Party that tolerates no political opposition, the country has embraced free-market economic reforms with a vengeance and revived itself from a virtual economic carcass to become one of Asia's potential "tiger" economies.

Ending the embargo "will help the mission at hand," said Lieutenant Colonel John Cray, the commander of a U.S. military detachment in Hanoi charged with accounting for the missing servicemen. "We believe Vietnamese cooperation is at a peak right now."

posed if Hanoi fell short in helping to account for Americans missing from the Vietnam War.

"The embargo is a backward policy," he said. "It is a policy of power. The embargo is not consistent with international law. No nation in the world has the right to impose a trade embargo on any nation and doesn't have any right to reimpose an embargo on any nation."

He said he did not see any major obstacles to setting up diplomatic liaison offices or setting mutual claims worth hundreds of millions of dollars. But he said progress in normalizing relations was essentially up to the United States.

"We hope the United States will regard Vietnam as a friend," he said.

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### United Airlines Planning to Fly L.A.-Vietnam

*The Associated Press*

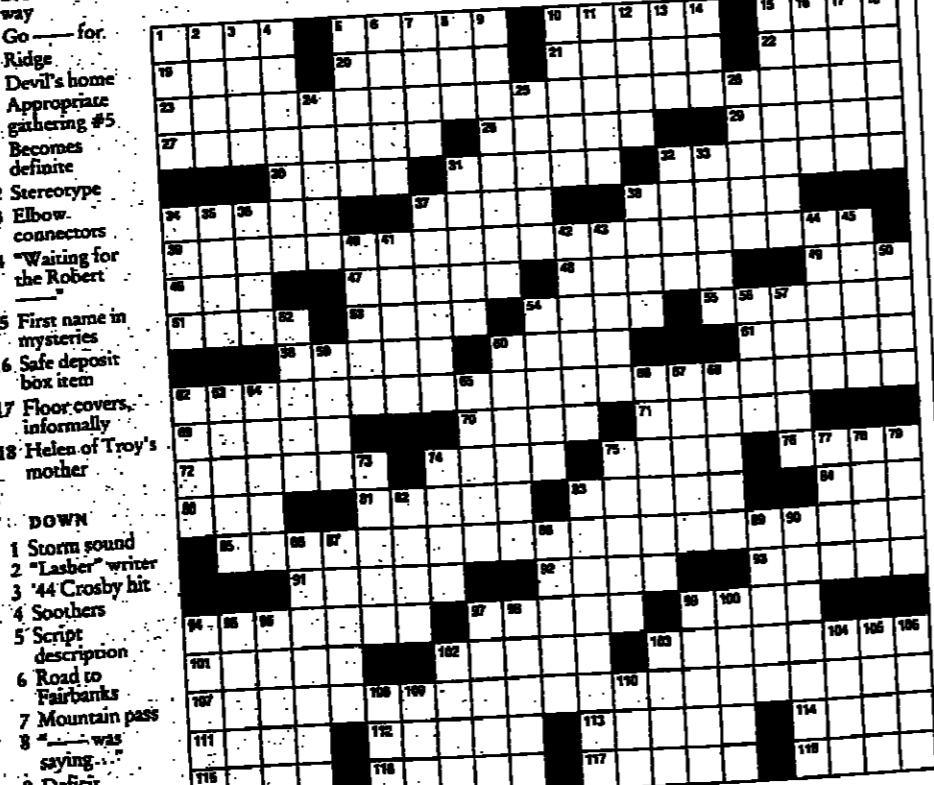
**CHICAGO** — United Airlines said it would begin service to Ho Chi Minh City, pending government approval.

United has U.S. operating authority for the service through rights acquired from now-defunct Pan American World Airways in 1986. Airline officials say they will seek corresponding operating authority from the Vietnamese government.

United said it plans to offer flights between Los Angeles and Ho Chi Minh City, the former Saigon.

### GATHERINGS By Arthur S. Verdesca

© New York Times, edited by Eugene Maleka.



# International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Clinton's Korean Tightrope

President Bill Clinton has to walk a tightrope to conduct nuclear diplomacy in Korea. In considering military deployments to reassure South Korea, Mr. Clinton must take care not to rattle a suspicious and unpredictable North Korea. His pending decision to dispatch Patriot missiles to the South has alarmed the North. True, the Patriots, which defend against missile attack, pose no threat to Pyongyang. But given their hit-and-miss record in the Gulf, they may do more to guard Mr. Clinton from assaults by hawks at home than to protect air bases in South Korea. So why rush their delivery?

South Korea's military also wants to shore up its defenses with Apache helicopters and other capabilities that could be used to attack the North. Such deployments are unduly provocative. Why give hard-liners in the North reason to derail the delicate negotiations and keep building bombs?

The South Korean military cannot resist saber-rattling. The Defense Ministry in Seoul now says it intends to hold Team Spirit military exercises this year, conducted jointly with the United States. If the North does not allow international nuclear inspections to resume, U.S. and South Korean diplomats preferred to reassure North Korea by promising suspension of Team Spirit as an inducement for the North to allow access to its nuclear sites.

For its part, North Korea is doing out access to the nuclear sites in small doses

because it has little else to barter for U.S. diplomatic recognition, increased trade and other benefits. But further delay and increasingly vitriolic threats to break off talks are only sowing doubts about North Korea's intentions; it would be wise to deliver the next dose now.

Pyongyang promised Washington to admit international inspectors to all seven of its declared sites, as often as necessary, to assure that the reactors remain sealed and no nuclear material has been diverted since the last inspection. But regular inspections that would examine the sites more thoroughly would not resume until high-level talks are held with the United States. And inspections of two suspected nuclear waste sites in the North, which could shed further light on whether it has a bomb, remain to be negotiated.

The North has not yet agreed with the International Atomic Energy Agency on procedures to carry out its pledge. It says the agency wants to inspect more than is necessary to assure continued monitoring. American officials say it is up to the agency to determine what it needs to see. But is checking the reactor core really necessary?

Mr. Clinton must be careful to reassure South Korea without threatening North Korea. But those in North Korea who want nuclear diplomacy to succeed cannot expect Mr. Clinton to walk the tightrope forever.

—THE NEW YORK TIMES.

## What Formula for Russia?

Ever since the Soviet Union collapsed two years ago, the West has been anxiously looking for a strategy to aid Russia — one that would promote rapid reform. Now things are going badly, after the unpromising election results in December and the departure of most of the reformers from the government. Whose fault is that?

In Washington, fingers are inevitably being pointed at the International Monetary Fund, which has been designated the main conduit of the Western democracies have promised, the IMF was to have provided \$14 billion in loans to Russia. In fact, it has delivered only \$2.5 billion. The accusation is that if IMF bureaucrats had not been so cautious and defensive, greater help for the reformers might have made a crucial difference. Now the IMF's managing director, Michel Camdessus, has delivered a bristling response, arguing that while his staff continues to work closely with the Russians, the rules of lending have to be enforced.

If the West had wanted to take greater risks — risks of losing serious amounts of money in a more forceful effort to lubricate reform in Russia — it should have provided grants, not loans. But none of the rich democracies except Germany was prepared to send large grants. Because of their budget troubles at home, they chose instead to offer loans through a technical international agency that, to protect its

money, lends only under clearly stated conditions. The chief condition is a more successful attack on inflation than the Russians have been able to accomplish.

That is not the only danger in trying to aid the Russian government amid the present turmoil. Because of the inflation, there has been a great flight of capital out of Russia — new wealth being stashed in bank accounts abroad. By some calculations, the flight of capital outward has been similar in amount to the flow of aid inward. The turmoil and lack of sophisticated financial controls in the Russian government limit the utility of many kinds of foreign aid. All this also suggests the constraints on aid in the form of loans that presumably have to be paid back.

The final verdict on the Western aid effort over the past two years is likely to focus less on the IMF than on the hesitations and limited generosity of its leading sponsors, the Western democracies, and their anxiety to convey most of the aid in forms that would not appear on their own budgets. That attitude has not fit well with the chaotic and inflationary conditions in a newly independent country moving toward a market economy that its politicians only half understand.

For the United States, the question now is whether to persist with more of the same or to consider trying other approaches.

—THE WASHINGTON POST.

## He Still Hedges on Terror

President Bill Clinton changed his mind and bent the no-visas-for-terrorists law in finally admitting Gerry Adams, a man he had described only two months earlier as being, by "credible evidence," "involved at the highest level in devising IRA strategy"; the Irish Republican Army is the terrorist side of Mr. Adams' Sinn Fein political party in Northern Ireland. It was daring and right that Mr. Clinton took this step, since it allowed Americans to take their own measure of a key figure in a bitter struggle that matters deeply to many Americans.

What they saw was Mr. Adams putting on a terrible show. He may have won sympathy in some quarters for the IRA/Sinn Fein program of uniting the sovereign Irish state of Ireland with the sovereign British territory of Northern Ireland. But he fudged and equivocated on the two crucial considerations.

Professing peace, Mr. Adams kept calling for a British "clarification" of the joint declaration of December, by which the British and Irish prime ministers bravely undertook to launch a new peace initiative. But the whole thrust of his comments indicated that he sees not a clarification but a fundamental alteration of the declaration in order to impose a

—THE WASHINGTON POST.

## Other Comment

### Clinton's Wager on Adams

Whether President Bill Clinton was right [in admitting Gerry Adams] to reverse 19 years of U.S. policy, infuriate the country's most steadfast ally and overrule the CIA and State Department depends entirely on whether the IRA calls a permanent cease-fire soon. If it does, Mr. Clinton can claim to have been right. If it doesn't, he blew it.

Mr. Clinton is entitled to dismiss Prime Minister John Major, whose Conservative Party intervened scandalously in American politics to sharpen the Republican Party's negative campaigning in 1992. But Mr. Major overcame that to become Mr. Clinton's most dependable ally in world politics, and now he is alienated.

—The Baltimore Sun.

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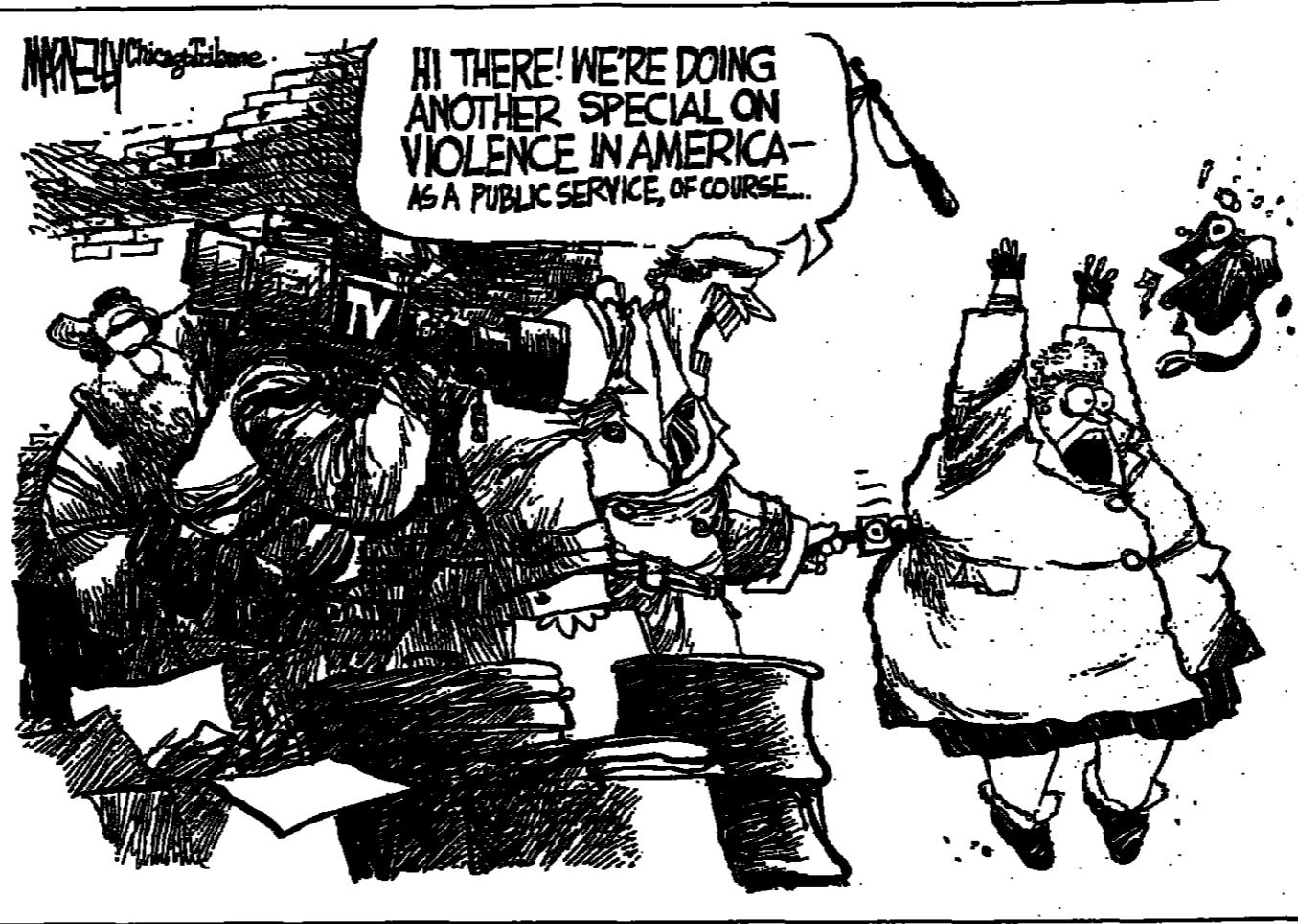
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S.A. au capital de 1,200,000 F. RCS Nanterre B 732021126. Compteur Partnaire No. 61 137.  
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SATURDAY-SUNDAY, FEBRUARY 5-6, 1994

## OPINION



## Seeking a Fair Solution Based on Bosnian Analysis

By Stephen S. Rosenfeld

**WASHINGTON** — Out of the country, where he goes to speak monthly, Secretary of State Warren Christopher finds that no one asks about Bosnia anymore. Nor is it any other regional dispute among his own "strategic priorities" — economic security, Russia, Europe and NATO, Asia, the Middle East and nonproliferation.

Yet he is conducting in Bosnia a salient test of the new diplomacy of high gesture and low commitment that global change and shrinking resources now force upon the American approach to much world disorder.

For some time the drift of American thinking has been to regard the Muslim-led government of Bosnia as the war's chief victim and to resist by diplomatic means the forced imposition of a settlement on it. With international negotiators now nearing such a settlement, Washington has distanced itself, creating a small pocket of political space in which the militarily revived Muslims can fight on. This has produced a sharp dispute with the Europeans. They wish to stop the fighting with minimal further costs (refugees, casualties, budget, commerce, nerves, escalation) to themselves.

Is it not strange to form a separate American policy toward what the United States has termed a "European problem"? Bosnia is not "European" in a humanitarian sense, notes Mr. Christopher in an interview, citing the huge American aid contribution. Nor do Europeans claim the problem is strictly theirs. They are desperate for an American role, and they are getting one, though it is not to put the screws on the Muslims.

Mr. Christopher is aware that any political settlement in Bosnia must reflect the power balance

established on the battlefield. He accepts that in the Balkans, memories are long, angels few and political deals vulnerable to revision. But he knows that there is a better chance a settlement may stick if it is based on Bosnia's own analysis, of what in the first instance the European Union's, of what the traffic will bear.

An active international military role in Bosnia remains a remote prospect, most people feel, even if a few token air strikes are eventually made. So the prime international lever remains sanctions. Mr. Christopher understands that the neighboring countries are sanction-wary. He is open to measures that would lighten their burden but keep some leverage available against Serbia and Croatia. The purpose would be to support the Muslims in Bosnia, to address the Serbian occupation of parts of Croatia and to stiffen the threat of war-crimes prosecutions all around.

He is sensitive to the criticism, notably from the French, that acting even indirectly to prolong the war is not "moral." The secretary does not much like the word. Ever the lawyer, he prefers a standard of fairness. It is unfair, he says, to impose a settlement on Bosnia without trying to take account of what is reasonable from its standpoint.

I think he is on the mark. Bosnia may not have a priority grip on Mr. Christopher, but Mr. Christopher does now have a working grip on Bosnia. His diplomacy may look like pushing phantom chips around a board where others are risking and taking real lives. But this is the kind that the current American temper has dealt him.

The Washington Post

## Something More Than Just Hope

By Anthony Lewis

BOSTON — "Like everything else," Foreign Minister Shimon Peres said, "the economy is a matter of psychology." And the psychology of peace, he said — the belief that the conflict between Israel and its neighbors is at last coming to an end — has set off an Israeli economic boom.

"Israel is going through one of its best periods economically," Mr. Peres told a press breakfast in Boston. "It has 7 percent growth. I think the best figure in the West. The impact" of peacemaking with the P.L.O., he said, "has been very positive."

Reports from Israel confirm the picture of a boom. Businesspeople there, and investors, had reckoned that Israel could never be a real part of the new world economy without stability in the region around it. Now a stable region seems possible, and investors are responding.

But what are the prospects for the negotiations with the P.L.O.? reporters asked Mr. Peres. The breakthrough in September was supposed to lead to a detailed agreement by December, but the talks are still going on.

"Most of the complicated issues are behind us," Mr. Peres said. But it is a difficult negotiation, involving as it does "Palestinian dignity and Israeli security. And what we call security they call dignity."

He ducked a question about whether a final agreement could be reached by next week. Whenever it was, he said, it could be carried out quickly. The original target was for implementation by April, with the Palestinians then taking over administration of Jericho and the Gaza Strip.

Mr. Peres's tone was optimistic, more upbeat than I have ever heard

Peres's tone was the most optimistic I have ever heard from him.

him. He foresees great changes in the Arab world, with countries moving toward more modern economies and more open societies.

"Dictatorship is a tremendous waste of money," he said. "Only rich countries can afford it."

Among the costs of autocracy he listed censorship, the cutting down of individual enterprise, corruption and the maintenance of the cult of personality. He said people everywhere were less willing to pay the price, and to live in misery, because they now could see how others in the world live. "What brought down the Soviet Union was not a political party or a military coup, but the winds of information. And that is happening everywhere."

One reason President Hafez Assad has moved, he said, is that Syria has an emerging middle class and has young people who see television and compare their lives with others'.

The other reason is that the Soviet Union is gone, and Mr. Assad needs new relationships.

"I wouldn't say that he's drawn all the necessary conclusions," Mr. Peres said; that remains to be tested.

The problem for Israel and Arabs and everyone, he said, is the psychological one of adjusting to a new world. "People usually prefer to remain than to think."

Rejected what a questioner said was strenuous opposition from some Orthodox Jews to the idea of peace with the Palestinians. We are determined, he said, "not to become a dominating nation — something we have never been in history."

Readers of the Bible might raise an eyebrow at Mr. Peres's history, since many passages celebrate military victories. But what matters is the attitude of the present Israeli government. "We must decide on our destiny," he said, "and the Palestinians are on ours."

He said Israel was trying to "build a regional economy, one that will help Arab countries even more than us." Israelis understand, he said, that poverty is destabilizing.

Mr. Peres mentioned one concrete example of regional cooperation that he said had already been agreed: a plan by Jordan, Israel and Egypt to connect their electrical grids. That could save the three countries billions of dollars in generating facilities because their peak hours of energy use are different.

The vision of peace may still founder on the rocks of memory. But the import of Mr. Peres's words is that peace has something stronger than hope going for it now. That is expectation. People on all sides will surely struggle to keep alive the vision on which they have begun to build.

The New York Times

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1894: German Slavers

**PARIS** — An incident occurred in the Reichstag a few days since which can scarcely be passed over in silence.

Herr Kayser, the director of Colonial affairs, admitted that some Hamburg merchants, established at Whydah, had supplied rifles to negro kings in exchange for slaves, who were afterwards sent to the Cameroons or to the Congo to be employed as militia.

I hope that the statements against the viciousness of Mr. Farrakhan's man by the Reverend Jesse Jackson, members of the Congressional Black Caucus and the NAACP lead them to a public evaluation of the dangers of the Nation of Islam.

Not only did Time print to indicate that it ever crossed its collective-journalism mind that black leaders who denounced the speech really might despite it that maybe they stood up because they liked that stance in life.

The Time team saw them simply surrendering to pressure. Time Warner: Could it be that tells more about the story's perpetrators than about the black leaders?

The speech brought black condemnation after it reached print in news stories — real ones. Time Warner — the opinion columns clearly marked as such and in the ADL ad.

But that's no plot, son. It is how journalism exposes bigotry. What would happen to America if journalism, other than Time, decided that to point to bigotry was itself bigotry?

And that correctness bit — cute, but come on, team, those of us who insist on fighting bigotry are usually lifetime opponents of political correctness and its lifetime targets, as

en Epirus in Southern Albania and along the Adriatic; to the east, the part of Thrace now in Southern Bulgaria and running through to the Black Sea; in Asia Minor, much of the seaboard, including the vital city of Smyrna, and that of coast all the islands.

### 1944: Nazi Ships Sunken

**WASHINGTON** — [From our New York edition:] Three German blockade runners, heavily laden with vital war supplies from Japanese-held ports in the Pacific, have been sunk in the South Atlantic, the Navy Department announced today [Feb. 4]. The ships had crossed the Pacific Ocean, swinging around Cape Horn, and were sneaking up the South Atlantic when they were spotted by naval patrol planes. When American warships approached, the crews attempted to scuttle all three vessels, and in this they were ably assisted by guns of the Omaha, Somers and Josephine H. King. Hundreds of tons of rubber were salvaged by the United States vessels.

### 1919: Hellenic Claims

**PARIS** — The Greek territorial claims presented to the Peace Conference, other than the one submitted by Mr. Farrakhan and his organization, it goes: Well, maybe he is an anti-Semitic, Judaism, Catholicism — and its attacks against African-Americans who oppose it.

Already among some Americans and in the press, there is a numb-mouthed acceptance of Mr. Farrakhan and his organization. It goes: Well, maybe he is an anti-Semitic, Judaism, Catholicism — and its attacks against African-Americans who oppose it.

To the north, Greece asks for North

# A Few Finds in the Vast World of Chinese Art



Mario Cavagliari's portrait of Noemi Baldin, 1913.

## When the Paint Is the Message

By Ken Shulman

**V**ERONA, Italy — There are great artists who are best viewed within the context of their own time, and great artists whose import can only be assessed against a backdrop of decades or centuries. And then there are great artists like Mario Cavagliari, who meet neither criterion and who are saved from mediocrity and oblivion by the sole, explosive strength of their originality.

One of the most talented, and at the same time neglected, Italian artists of the century, Mario Cavagliari is the subject of an excellent show at the Galleria dello Scudo in Verona. Born into an affluent Jewish family in Rovigo in 1887, Cavagliari had few pictorial ancestors and left no artistic heirs. Ostensibly fashionable and even tame, his works were of such technical originality as to be incomprehensible and even offensive to his contemporaries.

"A painting must always, beginning with its surface, evoke an idea of beauty," wrote Giorgio de Chirico in 1920. "Now it is not possible when that surface, as in the paintings of Cavagliari, resembles crusted mud or a hyperbolic piece of cow manure left to dry in the dirt on some provincial road."

Even a rapid look at the 35 paintings on display in Verona (through Feb. 28) offers a ready explanation of de Chirico's rather graphic simile. Cavagliari used his paint like an element of sculpture, mixing his colors directly on the canvas, applying them in a thick, veined impasto with a knife, with his fingers, and even squeezing paint directly out of the tube.

"Romanticismo" (Romanticism), 1915, shows the artist's model and future wife, Giulietta Catellini de Grossi, leaning against an ornately decorated table in the artist's studio in Padua. With the window that opens onto a garden, Cavagliari abolishes the barrier between interior and exterior space. The scene is executed with a physical and chromatic abundance of color. In some places, the paint is nearly three inches (7.5 centimeters) thick. While it is still figurative as a whole, many parts of "Romanticismo" look as if they were a cake that had been iced by Jackson Pollock. The paint itself was the message, not the image that the paint was used to represent.

**T**HE works on show in Verona were executed between 1912 and 1922, a decade that has been called "Cavagliari's brilliant years." Painting — the splendid, velvety-coated isolation that his wealth afforded him — and that his taste for finery reinforced — Cavagliari was virtually untouched by the prevailing artistic and political currents of his day. Cavagliari's universe — and the subjects depicted in his paintings — was one of aristocrats and actresses, of elegant villas and opulent, exotic salons. Thematically, his paintings evoke the seduced, cluttered decadence of Italy and Europe's haute bourgeoisie at the turn of the century. Far from revolutionary, Cavagliari's themes border on reactionary.

Yet Cavagliari's thematic stability was rendered on canvases that contained startling truths about art and the artist. His truths were aesthetic and not social truths, truths centered in his uniquely personal use of his materials and expressed in a technique that seems to have been born in a vacuum, and seems to have been reabsorbed by that vacuum after the extraordinary decade of creativity between 1912 and 1922. In 1925, Cavagliari purchased an estate near Aix-en-Provence, where he moved with his wife, Giulietta, painting in comfortable, silent exile until his death in 1969.

Ken Shulman is an American writer based in Italy.

*International Herald Tribune*  
**L**ONDON — Chinese art is the last among the world's great cultures still available in such vast quantities that even the most modest sales deserve close scrutiny.

Sotheby's held one of its four yearly sales (the Colonnade sales) of Oriental Art on Wednesday, intend-

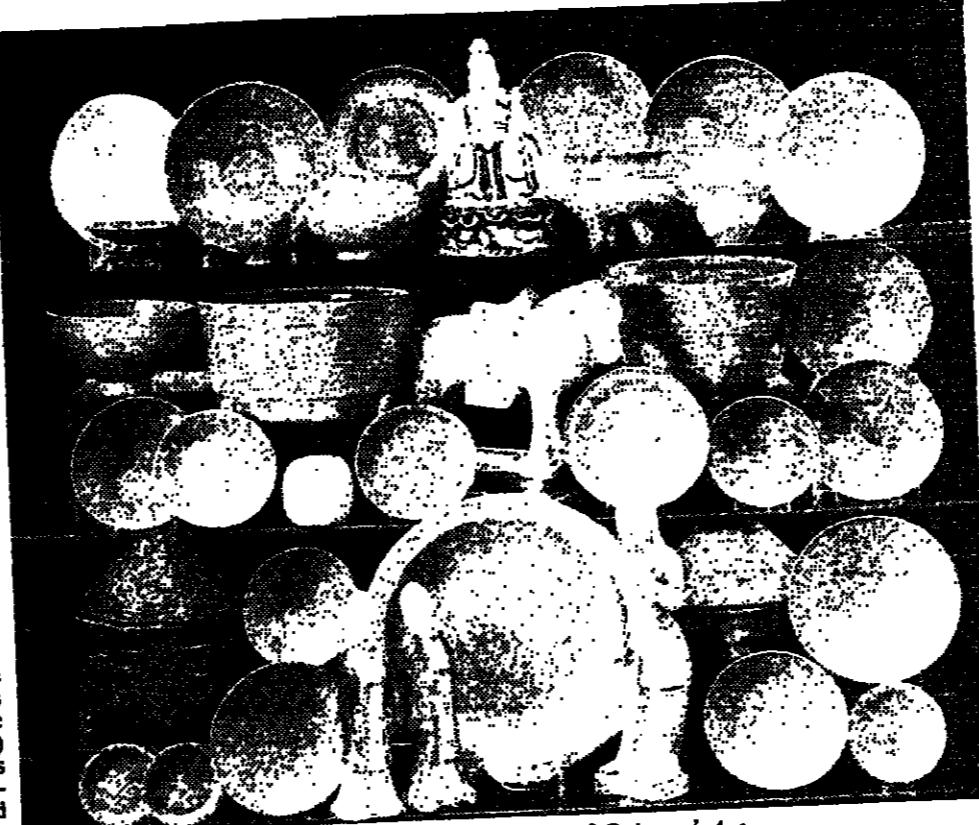
### SOUREN MELKIAN

ed to dispose of anything estimated to be worth £200 to £2,000 (\$375 to \$3,000). China, as usual, had by far the greatest share with that peculiar mix of excavated objects that so often give the impression of having just emerged from some clandestine dig and of decorative objets d'art imported into Europe.

In that kind of sale, the excavated pottery and bronzes are not the greats. The pieces that might have arrived from the Hong Kong shops handling the archaeological loot from China are all that is left when everybody else has gone over it. The first refusal, professionals report, is offered to a few top-notch Japanese (yes, they are still alive and kicking) and Chinese collectors. Then comes the elite of Western dealers, followed by their lesser colleagues and by auction house experts making selections for the better auctions. Finally, they scrape the barrel.

And if they didn't all come from Hong Kong (after any number of stopovers on the way), the pots seen Wednesday had that unmistakable end-of-bin look about them. Yet some were not negligible. It says a lot about the current surfeit of Han pottery that a rather beautiful cylindrical vessel and conical cover, molded with a pattern of rising mountains, should have generated almost no competition. A few chips along the edge of the cover do not affect the art, and the deep green glaze is fine. But only one buyer in the room displayed any visible interest. Bidding opened at £200, and at £350, the second-century vessel was his — or rather, at \$287.50, with the added 15-percent premium.

Another Han object, not in good condition, but of great documentary interest sold, only just, for £414. It is one of those architectural models



Chinese pottery at Sotheby's Colonnade sale of Oriental Art.

that keep coming out of Han tombs, providing a fascinating three-dimensional record of a vanished architecture that thrived 2,000 years ago — this was a model of a mill.

The art of Tang China that followed is best forgotten. Two standing figures of court attendants with unintentionally apish faces never stood a chance and dropped dead at £1,200, half the low estimate, without ever getting off the ground. A meager little bowl with dots of a down-market sale. One Northern Song bowl with a carved pattern of a stylized flower spray on the bottom looked hardly mechanical. It went for £1,265, within the expected bracket. That kind of Song piece requires perfection, and perfection in that line costs anything from \$30,000 up — as often as not, in the trade rather than at auction.

And then came the turn of Song porcelain, represented by a fairly large contingent.

In the view of traditional Chinese connoisseurs, the Song period is the greatest age of Chinese porce-

lain. If the talk is about celadon, everything hinges on a certain perfection of shape, impeccably turned; on a quality of glaze smooth to the eye and soft to the touch; on the quick, calligraphic flow of the carved patterns, if any, and not least, on the exact shade of green, from slightly turquoise to grayish olive or quasi-honey.

There is virtually none of that in a down-market sale. One Northern

Song bowl with a carved pattern of a stylized flower spray on the bottom looked hardly mechanical. It went for £1,265, within the expected bracket.

That kind of Song piece requires perfection, and perfection in that line costs anything from \$30,000 up — as often as not, in the trade rather than at auction.

If anything, another small bowl that cost only £230 seemed more

desirable. The pattern of a single stylized plant with lobate leaves is lovely. "Serious" collectors would not consider it — a visible chip dents the very edge of the rim.

To them the most acceptable piece would probably be an incense burner based on a metallic prototype. It has a monumental vigor true to the Japanese heart, and, indeed, as the excellent auctioneer Henry Howard-Sneyd brought down his hammer on a £300 bid, he muttered audibly to the sales clerk, "Seibu." The celebrated Japanese department store that also sells art had just bought it. "Fake on rim and chip to foot" notwithstanding.

Times, indeed, have changed.

As the Mongol dynasty of the Yuan (1279-1368) took over, drastic changes affected Chinese porcelain under the impact of Iranian influ-

ence. Sizes became larger, shapes took a monumental appearance and potting tended to a much thicker and sturdier. Most significantly, patterns and color schemes changed.

Blue and white became the rage. Hardly any very early blue and white, whether Yuan or Ming, would ever appear in such an auction. But there was one delightful jar with high rounded shoulder, low cylindrical neck and vertical ribbing on the body that carried the reign mark of Zhengde (1506-1521).

They represent the last frontier of top-quality Chinese porcelain.

As the sale switched back to objects of art other than porcelain, here too the later periods offered the best opportunities. One or two good bronzes could be picked up. After a brief surge of enthusiasm, interest has subsided — the field is difficult.

**O**NE of the better objects was an incense burner with a broad, low ring foot and syma-shaped sides that go back to Western Zhou types of the fifth century B.C. Entirely reinterpreted with flowing bamboo-like handles, in which the memory of a feline figure cannot be detected if one is not familiar with the model, the object was made in the early Xing period, perhaps in the early 1700s. With its golden brown patination, it was not unduly expensive at £207.

Another incense burner, datable to the 17th century, was more attractive still. The cylindrical body is decorated with motifs cast in low relief. The eight trigrams are highly appealing to the modern eye with their geometric stylization. At £575, it was a fair buy.

Not that late Chinese bronzes are likely to soar sky-high soon. They are most basic groundwork has yet to be done. Dating remains hazy. Even the broadest geographical attributions require a little more attention. The expert may have wondered why the crowd of Chinese art dealers turned a deaf ear when a lobed box with a late 19th-century date and no specific origin came up. The truth of the matter is that it looks so obviously Indian. The big boom will have to wait until such trifling niceties get sorted out.

## Robert Morris's Lack of Emotion

By Roberta Smith  
*New York Times Service*

**N**EW YORK — Rarely does an exhibition's title pinpoint the central weakness of an artist's work, but "Robert Morris: The Mind/Body Problem" at the Guggenheim Museum just about his the nail on the head.

The phrase has deep and complex import for several essayists in the show's catalogue, who go on at great and often obscure length about the meaning of Morris's Minimalist and Post-Minimalist sculptures, drawings, performances and installation pieces.

But for those who like their English straight up and readable, the show's subtitle may signal what this large and admittedly ambitious exhibition ultimately confirms: that Morris's art is overly didactic and cerebral and weirdly unconnected. It seems to be made by someone with a mistrust of emotion, a disregard for pleasure and a strong pedagogical bent; an artist more involved with problem solving than art making who often reduces the viewer to the role of guinea pig.

Yet Morris has often seemed to be something of an artistic chameleon, lifting ideas from other artists and changing or at least adjusting his coloration to every shift in contemporary art's tonality.

From Minimalism to Earthworks to Process

Art to Conceptual Art to Neo-Expressionism,

there's almost no contemporary art movement in which he hasn't been a participant, even if a tangential one. Some of the artists who spring unavoidably to mind in front of his work are Yvonne Rainer, Jasper Johns, Joseph Beuys, Richard Serra, Bruce Nauman, Robert Longo and Jenny Holzer.

In the catalogue, Thomas Krens, the director of the Guggenheim, asserts that Morris's art must be seen "as a single work."

It seems more accurate to take this exhibition, which includes 170 works from the last three decades, as a prolonged and restless commentary that parallels artistic activity since 1960, pin-pointing some of its most important issues but never quite bringing them to aesthetic life.

The survey, which has been organized by Krens and the art historian and critic Rosalind Krauss, is clearly determined to make the best possible case for Morris's peripatetic career.

Despite its size and ultimately unconvincing effect, the show has at least been judiciously edited, omitting, for example, the exceptionally weak appropriation paintings that Morris turned to in the late 1980s (although they're represented by a series of small drawings) and including only a few of his overwrought "Fire-storm" reliefs from the early '80s.

It has also been given quantities of space, and has been carefully installed, occupying more than half the Guggenheim's Fifth Avenue building as well as the generous second-floor galleries of the Guggenheim Museum SoHo,

where nine of Morris's large-scale pieces, mostly from the '70s, are in place.

In addition, the museum has taken the trouble to restore and film four of the artist's early '60s performance works. Projected at nearly real-life size on enormous, specially built screens along the Guggenheim's spiral ramp, these works stress Morris's interest in the absurd and the meaningless and they point toward his environmental artworks, which the viewer moves through, becoming a kind of performer.

**A**LTHOUGH Morris's defenders tend to make his art seem opaque and difficult, one is often struck by his ideas. His sculptures can be intriguing and briefly involving (somewhat the way puzzles are), especially the ones at the downtown museum, where the artist's persistent use of mirrors creates a series of visual conundrums.

But this only goes so far. Perhaps his work is most interesting as illustrations — and not necessarily the most visually substantial and engaging ones — of the ideas that are his real interest. Not surprisingly, Morris has written about art almost as prolifically as he has made it, and his most influential work may ultimately be his writings.

The show will be at the Diechterhallen in Hamburg, Germany, in February and March 1995.



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**Friday's Closing**  
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late trades elsewhere. Via The Associated Press

## ECONOMIC SCENE

CLIPPER





# BAe Sets Charge Of £250 Million For Leasing

LONDON — British Aerospace PLC said Friday it would take a £250 million (\$374.25 million) charge against its 1993 results to compensate for costs in leasing its regional turbo-prop fleet.

"This is the final piece in our plan to change the way we manage our second-hand aircraft fleets and their associated leasing exposure," said Richard Lapthorne, finance director of the British defense and aerospace group.

In the first half of 1993, the company had a pretax profit of 20 million pounds after a pretax loss of 1.2 billion pounds in 1992. BAe will release full-year results on Feb. 23.

The financial charge relates to monthly payments that British Aerospace will owe to financial institutions for its Jetstream turboprop planes. Although the group made a similar provision for its regional jets in 1992, it said the charge against 1993 results should be the last such provision.

The move was greatest enthusiastically by analysts, who said it put the group in a much stronger position to seek partners.

(Reuters, Bloomberg)

"It clears up the balance sheet and enables British Aerospace to focus on joint ventures," said Zafar Khan, with Societe Generale Strauss Turnbull Securities.

While there are only a few manufacturers of large commercial aircraft, there are more than a dozen builders of smaller, turboprops and regional jets, and the market needs to consolidate, analysts and industry executives said.

That means manufacturers will be scrapping to find the best partners.

British Aerospace said late last year that it had talked with Avions de Transport Regional, the joint venture between France's Aeronavale and Alenia SpA of Italy, about teaming up to make planes.

Investors applauded the charge, bidding British Aerospace shares up 21 pence, to 5.73.

BAe said the charge was "compatible both with running the business more effectively and with industry restructuring discussions which will continue."

(Reuters, Bloomberg)

## VW Chief: Also to Blame? Audi Head's Departure Shifts Spotlight

Compiled by Our Staff From Dispatches

BONN — The standing of Volkswagen AG's chairman, Ferdinand Piëch, has been thrown into doubt by a wave of problems that has culminated with the departure of the Audi AG chief, Franz-Josef Kortüm, analysts said Friday.

Mr. Kortüm's resignation was confirmed following an extraordinary Audi supervisory board meeting a day after media reports said he was stepping down in the wake of Audi's sharp sales drop this year.

VW would not say whether Mr. Kortüm had been forced to quit, only that he was leaving "by mutual consent." But the sudden departure of Mr. Kortüm after only a year on the job turned the spotlight on Mr. Piëch.

A Deutsche Bank Research car analyst, Hans-Jürgen Melzner, said: "The earnings situation was certainly one of the main reasons Kortüm was kicked out." He added that Mr. Piëch "should certainly also shoulder the blame for Audi's current problems."

A British analyst said: "There will be many questions about what is going on in the group. Piëch should take some of the heat, but is trying to distance himself."

He added: "The company could not cope with the downturn. It did not have the infrastructure to compete and sell its cars once the going got tough. And that cannot be blamed on Kortüm. Piëch must take some of the responsibility."

A car analyst in Frankfurt said: "Piëch does not like to admit mistakes. But he is partly responsible for last year's sharp production fall at Audi."

Last week, Mr. Kortüm disclosed Audi's first loss in 15 years. Sales dropped more than 25 percent in 1993.

He is to be replaced by Herbert Demel, Audi's development chief, who will be management board spokesman in lesser position than that of chief executive. Mr. Demel, who was brought to the company by Mr. Piëch from Robert Bosch GmbH in 1990, will still be responsible for technical development at Audi.

A German analyst said Mr. Piëch had paved the way for the luxury carmaker's problems when he was in charge by boosting production strongly in 1992 to achieve a record, despite warnings that demand was about to tumble. Mr. Piëch was chairman of Audi before Mr. Kortüm.

But despite poor performances throughout the VW group, with the notable exception of its Czech unit Škoda, analysts said Mr. Piëch was unlikely to feel pressured to resign.

Investors apparently are pleased with what Mr. Piëch and his embattled production chief, José Ignacio López de Arriortua, have been doing to trim costs and force price cuts from parts suppliers, analysts said.

"For the time being things will tick along, and shares will do well," the London-based analyst said. "Piëch and López are good salesmen and should manage to keep good news coming out despite the difficulties."

The analysts warned, however, that if Mr. López were eventually found guilty of charges of industrial espionage connected with his move from General Motors Corp. to VW last year, he and probably Mr. Piëch would have to go.

"Piëch's position would become almost untenable," an expert said. (Reuters, AFP, Bloomberg)

## O'Reilly Buys 25% of Shares in Independent

Compiled by Our Staff From Dispatches

LONDON — The Irish media tycoon Tony O'Reilly, underdog in the battle for control of Britain's ailing independent newspaper, on Friday scored a surprising coup by buying nearly 25 percent of the independent's publisher in the open market.

A spokesman for Independent Newspapers PLC, Mr. O'Reilly's Dublin-based press company, said it had purchased an £18.4 million (\$27.4 million) stake in Newspaper Publishing PLC at 350 pence (\$52.00) a share, 100 pence more than cash offer to shareholders from a consortium led by Mirror Group Newspapers PLC.

Mr. O'Reilly also is chairman of HJ Heinz Co.

Analysts said Mr. O'Reilly's move, which made him the largest single shareholder in Newspaper Publishing with a 24.99 percent stake, had greatly reduced the chances of the Mirror consortium, which had unveiled its long-awaited offer for Newspaper Publishing earlier Friday, only to see it rejected.

The Mirror consortium holds just over 47 percent of Newspaper Publishing, but Mr. O'Reilly's 24.99 percent stake now makes him the biggest single shareholder.

Mr. O'Reilly's move took London and Dublin by surprise. At the start of trade on Friday, his company withdrew its offer for a 24.99 percent share in Newspaper Publishing, saying the company's board had rejected its bid.

That appeared to have cleared the way for the Mirror consortium, which offered cash and new common Mirror shares in a deal valuing each Newspaper Publishing share at 261.6 pence. The consortium also offered a full-call alternative at 250 pence per common share.

But the board of Newspaper Publishing rejected the Mirror offer as well, saying it was holding out for better terms and still in talks with Independent Newspapers.

Mr. O'Reilly then made his move in the market.

"We have bought all that we want at the moment," said the spokesman for Independent Newspapers afterward.

Mr. O'Reilly's next step was unclear.

"He can just sit there now and wait," said one London share analyst of Mr. O'Reilly. "It really does make it difficult for the Mirror because now their offer is to him."

(Reuters, Bloomberg)

Investor's Europe	
Frankfurt DAX	London FTSE 100 Index
2400	300
2300	220
2200	200
2100	180
2000	160
1900	140
1800	120
1700	100
1600	80
S G N D J F	S G N D J F
1993 1994	1993 1994
Exchange Index	Friday Close
Amsterdam AEX	Prev. Close
Brussels Stock Index	Change
Frankfurt DAX	435.35 +0.41
Frankfurt FAZ	833.85 -1.68
Helsinki HEX	1,971.98 -0.50
London Financial Times 30	2,688.86 -0.90
London FTSE 100	3,475.45 -0.46
Madrid General Index	352.46 -0.24
Milan MIB	1,074.00 -0.18
Paris CAC 40	2,328.17 -0.31
Stockholm Affarsverden	1,844.40 +0.10
Vienna Stock Index	508.76 -0.15
Zurich SSS	1,065.61 +0.48

Sources: Reuters, AFP International Herald Tribune

## Passenger Flow Back in the Air

Reuters

ANKARA — Consumer inflation in Turkey jumped 4.4 percent in January, prompting calls for Prime Minister Tansu Ciller to hold general election in addition to local ballots already set for March.

The Institute of Statistics said Friday the January consumer price increase followed a 3.6 percent increase in December.

February figures are likely to show a steeper rise as the effects of Jan. 26 won't fully play through on the import-dependent economy.

The year-on-year consumer inflation rate eased to 69.6 percent from 71.1 in December, but monthly wholesale prices rose 5.3 percent, compared with 2.9 percent in December, an increase that is sure to push up consumer prices this month and next.

The private-sector manufacturing price index — a core inflation indicator — shot up 5.4 percent in

January, compared with 3 percent in December and 4.6 percent in January 1993.

Evidence that Mrs. Ciller is losing the battle against inflation will further damage the prospects for her True Path Party and her coalition partner, the Social Democratic Populist Party, in the nationwide municipal elections due March 27.

The Motherland Party, Mrs. Ciller's main opposition, is urging her to call a general election, although one is not due until 1996.

"The government has lost its credibility," said Burhan Kara, deputy chairman of the Motherland Party. "We urgently need a new administration."

Mrs. Ciller's standing also has been denied by the struggling lira, which prompted her central bank to quit this week saying he could no longer work with her.

Bloomberg Business News

BRUSSELS — Seasonally-adjusted unemployment in the 12 countries of the European Union reached an all-time high of 10.9 percent at the end of 1993, the EU statistics office, Eurostat, reported Friday.

The unemployment rate in December, the highest since the West European trade bloc was formed 36 years ago, exceeds by one-tenth of a percentage point the 10.8 percent rate reached in 1985, and highlights the Continent's dilemma as it struggles to emerge from one of the most crippling recessions since World War II.

The cost of supporting Europe's growing numbers

of unemployed has increased public debt. Belgium, Greece and Italy, the union's most heavily indebted countries, owe the equivalent of 120 percent to 130 percent of their gross domestic product.

"The heavy burden of public debt means that EU governments haven't got the means to boost the economy," said Jean-Claude Koenig, the chief economist of Banque Bruxelles Lambert in Brussels.

EU unemployment will probably rise to 12 percent by the end of this year, while the Union's economy will probably grow by only 1 percent, according to the European Commission, the executive arm of the EU.

## GNP: The National Value Upgrade

Continued from Page 9

term payoff also can be listed separately, although the economists decided that the payoff could not be calculated with sufficient precision to justify listing both as capital spending.

"Modern industries are much less into process and more into service, so we need a new way to organize our calculations based on services and finance," said Joseph Duncan, chief economist of Dun & Bradstreet Corp.

Trade and balance of payments figures have been distorted by the rise of multinationals. On paper, Canada is America's largest trading partner, but no one knows how much of that is really an exchange of parts across the Detroit River between General Motors Corp. in the United States and GM Canada.

At the other end of the spectrum,

the household duty of gathering wood and carrying water performed by millions of village women in developing countries will be counted as an addition to a nation's production because it involves tradable goods.

But cooking, cleaning and child-minding will remain outside the market economy, because the economists ruled it was not formally traded.

A small change in finance can have a big effect. The statisticians

decided that the interest differentials by which banks make profits from their clients' deposits, which were not counted at all in the old accounts, should be counted as a service. Luxembourg's shift from mining coal to managing secret bank accounts means its national output will increase by 25 percent in the new accounts.

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the household duty of gathering wood and carrying water performed by millions of village women in developing countries will be counted as an addition to a nation's production because it involves tradable goods.

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**NASDAQ**

**Friday's Prices**  
NASDAQ prices as of 4 p.m. New York time.  
This list compiled by the AP, consists of the 1,000  
most traded securities in terms of dollar value. It is  
updated twice a year.

**AMEX**  
American Express

**Friday's Closing**  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, FEBRUARY 5-6, 1994

**Sales Figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounted to 25 percent or more has been paid, last year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, company is based in U.S.**

**a**—dividend also extra(s).  
**b**—gross rate of dividend plus stock dividend.

- b - stated rate of dividend plus stock dividend.
- c - liquidating dividend.
- d - called.
- e - firm's venture loss.

d—new yearly low.  
e—dividend declared or paid in preceding 12 months.  
f—dividend in Canadian funds, subject to 15% non-residence tax.

**— dividend declared after split-up or stock dividend.**  
**— dividend paid this year, omitted, deferred, or no action taken at latest required meeting.**

**k**—dividend declared or paid this year, or accrued  
issue with dividends in arrears.  
**n**—new issue in the past 12 months.

II—new issue in the past 52 weeks. The high-low range begins with the chart of *Trojan*.  
nd—next day delivery.  
P/E—price-earnings ratio.

P/E — Price-earnings ratio.  
 r — dividend declared or paid in preceding 12 months, plus stock dividend.  
 S — stock split. Dividend based on date of split.

$\dagger$ —dividend paid in stock in preceding 12 months, estimated cash value on specific dividend or as disclosed in annual report.

**U**—new yearly high.  
**v**—round bottom.  
**wf**—in bankruptcy or receivership or below.

47—In bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.  
48—When distributed.

W — WITH DIVIDEND,  
WI — WITH ISSUE,  
WW — WITH WARRANTS,  
X — ex-dividend or ex-rights.

~~EX-DIVIDEND OR EX-RIGHTS.  
SELLS—ex-distribution.  
JOIN—without warrant.  
?—ex-dividend and sales is full.  
WID—widow.~~

**Surcharge  
Foreign Fir  
urious at C**

Taiwan Exports  
Foreign Contracts

## FRIENDSHIPS



Saturday-Sunday,  
February 5-6, 1994  
Page 14

# FUNNY MONEY

RE REPORT

## FIRST COLUMN

### Timely Bet On Europe's Big Sell-Off

**A**GOLDEN opportunity missed. Comments such as that are usually made by those with the perfect vision of hindsight. Identifying opportunities in the present and acting to take advantage of them is a different matter. It normally requires a considerable measure of analytical insight, the courage to act on the analysis, and a reasonable amount of simple luck.

That said, there appears to be a good, if not necessarily a golden, opportunity on the market right now. Two U.K. fund managers, Kleinwort Benson and Mercury, are offering investors mutual funds that invest in European privatizations. They are shortly to be followed by a third manager, Guinness Flight, which is scrambling to get the wraps off its product as quickly as it can.

It is the established view of this column that privatizations come as close as it is possible to come to a risk-free equity investment. What underpins the equity value is the desire of governments for power. There is a political guarantee that the assets will be priced low enough to ensure a financial success.

The idea is not new, unless you take a long view of things and argue that the bread and circuses for the Roman masses belong to modern history. But whatever its antiquity, the policy has had a measure of success. The political efficacy of giving things away is questionable. It seems that gratitude is often given to modern electorates, who on the whole prefer a sullen acceptance of what is on offer.

The financial success, however, has been remarkable. Although some of the Portuguese privatizations had a sticky start, the French, Italian, and U.K. issues have been almost universally successful from first trading.

Investors need to consider the charging structures of mutual funds (U.K. vehicles typically have higher fees than their U.S. counterparts). But the charges may seem bearable, given the difficulty that French investors had trying to buy shares direct this week when the French petroleum giant, Elf, was floated. Convenient, if not inexpensive, these funds are a buy for international investors who want equity exposure.

M.B.

### Foreign Cash Inflow Nourishes Japanese Funds

By Conrad de Aenlle

**J**UST how good was the news from Japan this week? Individual investors with an interest in Japanese-invested mutual funds found that they had done well, but not so well as you might expect. In fact, of nine open-end investment funds for which net asset values were available only one — DFA Japan Smaller Companies — beat the 8.8 percent gain of the benchmark Nikkei 225 index on Monday and Tuesday.

Of three closed-end funds, which reflect investor demand as well as management acumen, two beat the Nikkei. As would be expected, the best performers were funds that offer leveraged plays on Japan by investing in warrants. Shares in Banque Indo-sue's Japan Guaranteed Fund that trade in warrants rose a whopping 56 percent in January, with nearly half of that coming in the last six trading days. (Daily net asset values are not available.)

Why did almost all the other funds do such a mediocre job? Bill McBride, of Lipper Analytical Services, thinks it is because the Nikkei is heavily weighted with companies that "the funds typically will be light in, like banks and exporters. A lot of those are the beaten-down ones that will have the biggest bounce." For that reason, he thinks that when all the results are in, the market will have driven index funds higher than more actively managed ones.

Maybe it's the funds that are doing the driving. Many who follow the Asian markets credit the gain in Tokyo to a sudden influx of institutional money that had recently been pulled out of other, hotter markets in the region — the financial equivalent of rats deserting a buoyant ship for a foundering one; the hope is on the verge of righting itself.

Even though the Nikkei is closer to the bottom than the top of its four-year bear market, it still sports a gain this year of about 16 percent in yen terms or 20 percent for investors who think in dollars. All other key markets in Asia, meanwhile, except Hong Kong, have lost ground for the year in dollar terms. Losses range from a slight 1 percent or so in Singapore, to 12 percent in Thailand and Malaysia and an agonizing 38 percent in China.

The cash that spurted across the Sea of Japan is mainly owned by Americans, observed Shiroki Nakagawa, director of research in Tokyo for Morgan Stanley. "In the last two years, U.S. fund managers increased their exposure in international markets," he noted. "The first money went to Europe, then they increased their weighting in Southeast Asia because Asian markets

#### Tokyo's Recent Gains

	1993	1994
St. Louis Growth Fund	+10.4%	+16.08%
Franklin Japan Fund	+6.5%	+28.17%
DFA Smaller Companies Fund	+8.2%	+16.08%
Guinness Fund	+1.1%	+16.08%
DFA Japan Smaller Companies Fund	+7.4%	+16.08%
State Street Fund	+1.0%	+16.08%

(Source: Bloomberg)



Nikkei 225 Index  
daily closes

were so hot. In 1993, they thought U.S. market valuations were getting too high, then the performance of the Southeast Asian markets was too good and they started to worry about valuations in those markets. Then they looked at Tokyo, saw that it hadn't done much, so they shifted money to Japan."

Americans have not been the only buyers. Last week, I called a broker in Hong Kong; he told me everyone there is looking for Japanese stocks to buy," said Stephen Broome, managing director of Alpine Eagle Investments, a hedge fund that specializes in Japan. "The feeling is markets in Southeast

Asia have shot their wad for the time being and Japan represents the best value."

What pointed investors to Japan was, curiously enough, the failure the first time around of Prime Minister Morihiro Hosokawa's electoral reform package one week before Monday's 8 percent jump, Mr. McBride said. When that happened, the Nikkei fell nearly 5 percent in a day. (A compromise that salvaged the reform effort was cited by some as the cause of Monday's rise.)

"For American investors, especially institutions, the failure of reform measures was like waving a sign that said 'buy,'" he said.

"From the beginning of the year, foreigners were major buyers and domestic institutions in Japan were net sellers," said Shigeki

"When you look at a three- or four-year chart, that sell-off for contrarians was a buying opportunity. [They decided] that the downside was substantially less risky now. When a market's fallen as far as Tokyo has in the last few months, that six percent fall was what a lot of people were looking for."

A lot of foreign people, anyway. The fondness that outsiders have shown for Japanese stocks has not been shared by domestic investors; indeed, they seemed downright dismissive of them — until Monday.

"It is this tug-of-war between foreign and domestic traders that will determine the course of Japanese stocks, people who follow them say."

"The balance between foreign and Japanese money is very, very delicate," Morgan Stanley's Mr. Nakagawa advised. "If foreign money can push up the Tokyo market to 21, 22, 23,000, domestic institutional money won't be able to stay away." Should that level be attained, he asserted, the Nikkei could reach 28,000.

That's the bullish scenario, of which Mr. Broome is an adherent. "It looks like the market is going to take out its '93 high of 21,281 fairly shortly," he said. "Now that liquidity is returning to Japan, you could rise another 20 to 30 percent from this level."

Or not. Mr. Nakagawa warned that "the down side is if foreigners stop putting money into the market, it could go back to 17, 18,000."

He doesn't see much fundamentally to be cheered about either. "Hosokawa's [economic] reform package is discounted in the price [of shares], earnings are getting worse and worse. They say we could see a recovery this year, but there's no concrete reason for this. It's a very tough situation for the Japanese market."

#### Healthcare

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Mishiyama, executive director of Daiwa Europe's equity sales division. "Today, individual [Japanese] buyers finally joined the rally. They had been net sellers until last Thursday or Friday, then they joined the buy side."

That's why the move in Tokyo makes some people uneasy. Such unanimity of opinion about financial markets is seldom deserved.

The fact that foreigners have been the most willing buyers is especially disconcerting, for they generally know less about the market than the people who live in it. Mr. Mishiyama expects locals to remain aloof, with struggling corporations continuing to sell shares to dress up the books for the fiscal year that ends in March.

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The Money Report is edited by  
Martin Baker

### Good News, Bad News for Yen During the Week

International Herald Tribune

**F**OR dollar-oriented investors, the upsurge in the Japanese equity market was compounded over the week by the strength of the yen. Until Friday's rise in U.S. interest rates, all news was good news for the yen, which started out the week at a mid-price of just over 109 to the dollar, and added almost 2 percent to the value of the greenback against most major currencies, including the yen.

Even the failure of Japan's coalition government's tax-cutting proposals was deemed to be advantageous for the yen. The thinking behind traders' buying the currency on the news was that the Japanese government's

disagreement over tax policy would delay trade talks with the United States. This, in turn, would allow the Japanese to continue to run their enormous trade surpluses.

The stronger yen lies in the face of the consensus of currency analysts' views at the beginning of the year, when it was widely assumed that 1994 would see a sharp rise in the value of the greenback against most major currencies, including the yen.

"Last year, the dollar was blighted by a number of factors," said one Frankfurt-based foreign exchange dealer. "One of them was President Clinton saying that a strong yen would improve trade relations between Japan and the United States by making Japanese

imports into the United States more expensive."

"But the U.S. rate rise might stop him getting his wish."

Dollar-oriented holders of Japanese stock and bonds saw their investments rise more than 20 percent last year on currency movements alone.

Foreign exchange dealers remain confident, however, that the dollar will now continue to rise against the yen this year. A broadly bullish longer view also prevails for its prospects against the German mark.

The long-term turning point is seen by many dealers as having come in August of last year, when the dollar bottomed.

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## THE MONEY REPORT

# For U.S. Expatriates, the Right Medical Policy Can Be Crucial

By Michael D. McNickle

**Y**OUR heart's stopped. Now — how good is that overseas medical policy? A mistake here can cost dearly. Busy international executives, experts say, tend to overlook nuances in their health coverage until something happens. Then, of course, it's too late to shore up gaps in overseas medical insurance.

The typical expat is not detail-oriented on those kinds of issues and doesn't normally take the time to read a formal policy on the medical plan," said Frank McGoldrick, a consultant with A. Foster Higgins & Co., a New

York-based international benefits specialist for multinational corporations.

A survey of Fortune 500 companies by Kwasha Lipson, the benefits consulting firm, found that 88 percent kept traditional expatriates (those directly employed by the U.S. headquarters) on the home-based policy, while third-country nationals, who may also be U.S. expats, were 46 percent enrolled in local health programs.

Douglas Polifron, an independent agent for Mutual of Omaha in New York specializing in international medical insurance, said that when it comes to selecting a plan, "a lot of people don't ask the right questions." He noted, for instance, that some major corpo-

rations "have caps [limits] of \$50,000 a year for a medical catastrophe overseas." Hardly enough for major surgery and a lengthy hospital stay.

Mr. Polifron said that executives signing on for their corporate plan, or buying a private one, should "get an actual copy of the policy before purchasing it" and "make sure there's not a schedule of benefits . . . that puts a price on specific procedures."

Another consideration, Mr. McGoldrick said, is whether there is any "assignment of benefits" spelled out in the policy. Usually, he noted, there is "no assignment," which means that in the event of a major problem, the expert, or the employer, is going to have

to come up with a large sum of money to pay for treatment. Expats with smaller firms, which may find it difficult to come up with \$50,000 or more, or with a firm that may not pay the money, can find themselves in trouble.

Mr. Polifron said that executives who want a little added level of protection should check with their company and current insurance carrier to see if a supplementary plan will be comparable with the existing policy. The cost varies, but Mr. Polifron said that one plan, which requires no physical exam, costs \$112 a month and goes into force after \$50,000 has been spent in the primary plan. The additional coverage is up to \$1 million.

Britain, there is the International Association for Medical Assistance to Travellers (IAMAT) in Leviston, N.Y.

If all else fails, and the care needed is just not available overseas, it's time to bail out.

Companies like International S.O.S. Assistance, based in Philadelphia, offer a wide range of medical and emergency assistance to expatriates. They will do everything from notify and liaison with family in the United States, to having one of their U.S. physicians consult with local medical personnel, to providing a medical escort for evacuation back to the United States. It costs about \$340 a year for an individual to obtain coverage.

## Numbers, Prices For Global Policies

Listed below are medical health and expatriate help telephone numbers, plus actual sample prices for overseas medical policies. This is an illustration, not an exhaustive list of policies internationally available.

• Federated League of Americans Around the Globe.  
(1) 202 528-5488. Age 40 to 69 individual: \$960 to \$1,254 a year, with spouse, additional \$708 to \$822, child \$390. Coverage available to U.S. citizens who are members of FLAG. Membership fee is nominal.

• Lloyds of London.  
Douglas Polifron, New York agent (1) 212 752-0647. Age 40 to 54 individual: \$212 per month, with spouse additional \$182, child 0-21 also \$182. The Lloyd's policy is available for one year and is nonrenewable.

• Mutual of Omaha.  
(1) 212 490-7979. Age 18 to 64 individual: \$169, per month, spouse additional \$169, child 0 to 21 is \$51. This policy is renewable.

• International SOS Assistance.  
(1) 215 244-1500. This coverage is for emergency medical evacuation and repatriation. Individual: \$340 a year.

• IAMAT.  
(1) 716 754-4883. Assists expats find U.S.-, U.K.- or Canadian-trained physician overseas. No charge.

### Health Insurance Premiums and Benefits

Benefits	Worldwide	Maximum	Age range
Amex:	\$761	NA	\$1.8m All
Basic	\$926		
Executive	\$1,244		
Premier			
Footnotes: 1: \$180 excess; 2: 30 days Canvis; 3: \$900, 4: 20% co-insurance; 5: \$1800. Plans only available to Amex sterling or U.S. dollar cardholders with accounts serviced in the U.K.			
Bupa*:	\$604	\$2,094	\$750,000 30/39
Lifeline	\$484	\$1,675	
Essential	\$726	\$2,512	
Gold			
British Union Provident Association.			
NB: Emergency evacuation and local ambulance services are extra.			
Expacare:	\$588	\$1,681	\$308,000 30/44
Essential	\$986	\$2,815	
Complete			
+ OP <sup>2</sup> , ED			
Footnotes: 1: 90 days U.S., Can, Car; 2: includes GP + PD; 3: 30% excess.			
WPA:	\$1,150	\$1,416	\$150,000 All
Mahogany	\$1,047	\$1,288	
Ebony	\$341	\$341	
Teak			
Footnotes: 1: \$22, 2: \$75, 3: \$3,000, 4: \$7,500, 5: \$375 for US/Can, 6: \$300, 7: \$300, 8: \$4,500, 9: \$2,100, 10: \$13,500, 11: \$187.			
PPP:	\$573	NA	\$18,000 <sup>2</sup> 40/44
Basic	\$806	\$1,772	\$375,000
Standard	\$1,007	\$2,2215	\$375,000
Comprehensive + OP <sup>2</sup> , HN, ED	\$1,996	\$2,883	\$700,000
Prestige			
+ TI, SC, OP <sup>2</sup> , M <sup>3</sup> , OA <sup>4</sup> , CB <sup>5</sup>			
Footnotes: 1: \$225, 2: \$225 excess; 3: 6 weeks; 4: \$37, 5: \$1,500, 6: \$2,500, 7: \$4,500, 8: \$10 weeks, 9: \$75.			

## International Rescue Need Not Cost a Fortune

By Barbara Wall

**P**RIVATE health insurance may feature low on your list of priorities, but if you are based overseas for any length of time, the investment will probably be worth it. Without adequate cover, what would happen if you were to require emergency treatment and the nearest hospital was several hundred miles away?

A private airift could probably be arranged, though for an enormous sum of money. Alternatively, you could make do with local facilities, a potentially terrifying thought if suffering a cardiac arrest. Most hospitals in developed countries will treat emergency cases, but they will expect you to foot the bill eventually, in countries where the cost of medical treatment is high, the final bill may well amount to thousands of dollars.

Health insurance, on the other hand, need not cost a fortune. As demand for cover has increased over the years, providers have expanded their policy range to suit most pockets.

To start with, you should know what local facilities are available.

"Emergency evacuation is an essential service for people who travel to remote areas with less sophisticated medical facilities," said

Philip Healey, marketing director for the London-based health insurers, Private Patients Plan (PPP). "Even a family on holiday can have cause to be grateful for the protection it provides."

You may also want to check whether or not the evacuation benefit includes compassionate travel. What would happen and you are whisked off to another area for treatment, it will help to have a friendly face close at hand.

Those who have access to state health care may still prefer the flexibility of private health insurance.

"State-controlled systems rarely allow you the opportunity to choose your doctor or hospital," said David Pryor, development director for the international health insurers, Expacare. "And if you have recently arrived in the country, you will probably have to plow through a mountain of paperwork and red tape before you are officially registered with the relevant authorities.

This delay can pose problems if you require medical treatment in the interim."

There are several policies on the market that are specifically designed for the budget-conscious International Health Insurance (IHI), in Denmark, offers a low-cost supplementary insurance that covers up to 20 percent of charges not reimbursed under state health plans. And Western Provident As-

sociation (WPA), headquartered in England, offers a cash plan that gives subscribers money when they might need it most. It is not a private health insurance. It is a low-cost way to pay for certain treatments such as dental checkups and hospital services. Either plan can be used as a supplement to state health programs or in countries where the cost of medical treatment is low.

Both American Express and Expacare offer maternity benefits in their executive plans, but payments are restricted to \$1,800 and \$3,000, respectively. Expacare covers outpatient treatment in its executive package, but policyholders are expected to pay a 30 percent excess charge.

All the plans surveyed have different strengths and weaknesses, choosing between them is a bit like entering a lottery. In the battle to win more clients, some insurers have tried to distinguish their products from others on the market by offering extras such as cash benefits, personal accident and travel insurance.

For example, PPP offers year-round travel insurance in its prestige plan; in the basic and standard policies it is offered as an optional extra. When you consider that stand-alone travel insurance can cost between \$50 to \$150 for one trip, the PPP travel benefit, at around \$50, would appear to offer good value for money.

The executive plans may offer broader benefits and higher levels of cover for hospital services, specialists fees and outpatient treatment, but restrictive clauses are not uncommon. Pay special attention

to excess charges and payment thresholds found in the small print.

Premium levels automatically

shoot up if cover is needed for the United States, Canada and the Caribbean.

The American Express Internation Plan does not offer cover for these countries, although it does provide "out-of-area" cover for visits, provided the visits do not exceed 10 weeks.

## Drug-Related Funds Face Depression

By Rupert Bruce

**H**EALTH CARE funds used to be among the best performing, fueled by unmitigated inflation in drug prices, which drove pharmaceutical shares higher. But now drug prices have virtually stopped rising and pharmaceutical stocks are out of favor. What used to be an easy sector to perform well in has become the preserve of the skilled stockpickers.

Antony Milford, London-based investment manager of the Framlington Health Fund, a U.K. unit trust (open-ended mutual fund), said: "I think the message is that although overall you will find the indexes were down last year, there were plenty of individual stocks you could have made money in, and I think that is very much the pattern [from now on]."

"Demographics are still increasingly favorable, with people living longer all the time in the West and in Asia. Especially in Southeast Asia, with the development of a middle class that demands decent standards of health care. But I do think the drug sector will have a much tougher time in the 1990s than the 1980s."

According to Lehman Brothers, the investment bank, the pharmaceutical market is set to grow at about 5 percent a year (in value) worldwide in the 1990s. This is less than half what compared with the 5 percent in the five years prior to 1990.

In the United States, the world's largest health care market, Lehman notes that were about 30,000 job losses in the industry in 1993. Ironically, it is not the Clinton's pledge of health insurance for everyone that has caused this. Instead, the corporate sector, fed up with soaring

health care bills, has put downward pressure on costs.

In Europe, however, there has been regulation. In Germany, for example, health care cost controls were introduced on Jan. 1, 1993, and sales of pharmaceuticals fell by about 20 percent in the first quarter. The health care recession in the United States is reflected by a fall of more than 17 percent in the Standard & Poor's Diversified Health Care Index in the first quarter of 1992 and in trough in the third quarter of last year. The American Exchange Biotechnology Index fell 28 percent in 1993.

Globally, the situation is reflected by the dismal performance of health care funds. Statistics from Micropal, the fund performance specialist, show that on average funds ended 1993 at virtually the same value they started it. But over the last three years they have averaged an average rise of more than 60 percent.

Two investment managers who have done well despite the health care recession — although poorly compared with most stock market investments — are Framlington's Mr. Milford and GT Management's San Francisco-based Ted Gomoll. Mr. Milford's Framlington Health Fund rose by more than 5 percent last year in dollar terms. The GT Biotechnology & Health Care Fund, an offshore fund, rose by 10 percent in the year, according to Micropal.

Mr. Milford says that what has happened among U.S. health care stocks since the dark days of late 1992 and early 1993, when the stock markets were running狂热地, that the health care business would be heavily regulated, is that investors have started to discriminate between those sectors that will

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## THE MONEY REPORT

## Credit Card Companies Lure Clients With Varied Health and Accident Coverage

By Conrad de Aenle

**T**HERE is one source of health and accident insurance that people tend to overlook, even though they carry it around in their wallets. Credit cards can provide benefits payable when a cardholder or a family member gets sick or, more often, is injured while on a voyage in which the tickets were purchased with the card.

The benefits vary widely from

card to card, and even among cards of the same brand issued by different banks or in different parts of the world.

"It's mostly health and accident insurance, not life, and often travel insurance, as well," said Richard Marin, who writes for the Cards International newsletter. "The benefits get greater the more prestigious the card you hold. If you've got a gold card, you'll get more than if you had the standard card. It's a way of enticing cardholders toward their cards."

Some offer more enticements than others. Visa gold cards issued by some banks offer to pay out-of-town medical expenses minus a deductible, for instance, while those issued by others will pay only to compensate for accidental injuries. All of them, though, provide the minimum coverage required by Visa's parent organization.

The minimum coverage on Visa gold cards is \$150,000 in travel accident insurance. And the trip in question does not have to be to Papua New Guinea and back. Mrs. Hunt said that a cardholder who lives in Paris and buys a monthly Métro pass with a gold card is covered should he fall on the tracks and break his neck. She adds that the coverage is in addition to any other medical insurance the cardholder may have.

Visa's mandated minimums do not include medical insurance unrelated to accidents. All that member banks are required to do is provide a referral service to cardholders who may come down with something in a strange place.

Holders of American Express gold cards in Britain are entitled to benefits as high as £250,000 (\$375,000), depending on the injury, under its travel accident insurance policy. Hospitalization insurance also is offered to cardholders and members of their immediate fam-

ily at an extra fee that varies with the age of the insured.

**A**MEX cardholders in Japan and their dependents are entitled to free medical insurance when traveling abroad, but only up to 2 million yen (\$18,000), the same amount of coverage in accidents. Death or disability insurance pays benefits up to 50 million yen.

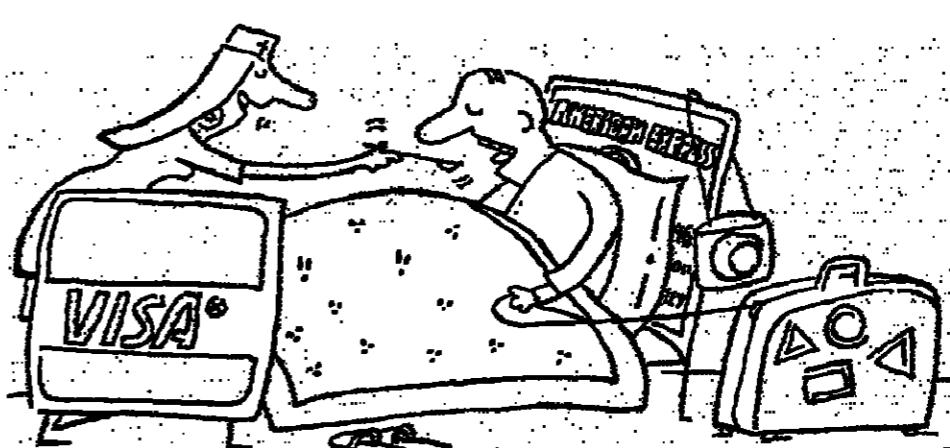
There is another curious benefit for Amex cardholders in Japan: Anyone who prays them from wreckage, plucks them from the sea or otherwise rescues them from harm can claim up to 3 million yen.

One of the most attractive insurance packages is offered by Diners Club, at least to its British cardholders. In addition to £100,000 worth of accident insurance, the card comes with £250,000 of medical coverage, said a Diners spokesman, Kevin Lewis.

As with other payment cards, the insurance provision is activated

when a Diners holder uses the card to buy travel tickets.

Diners Club cards issued elsewhere generally do not offer free medical insurance. Mr. Lewis said, "That's the case in the United States, where the accident insurance benefit, at up to \$350,000, is



Nickie Adcock

slightly smaller than the British run by other banks or independent owners," Miss Summers said.

The reason for the geographic variation in benefits is that Diners is actually an umbrella group that hands out franchises to financial service firms in different regions, much as the large credit card companies do, explained Angela Summers, another spokeswoman for Diners Club International. Citicorp, for instance, holds the franchise for Britain, Ireland, Germany and the Benelux countries.

"Other franchises in [Europe] are

responsible doctors will have to make other insurance arrangements six months later.

"Travel insurance, particularly the healthcare aspects, just seems to be one factor that people don't consider when deciding what kind of plastic they want in their wallets," said a Brussels-based consumer group lobbyist.

"The choice of card can be critical in determining consumer rights, but most often it is the provider of goods or services who determines what card is used."

## In Britain, the Perk of Private Care

By Aline Sullivan

**P**RIVATE health insurance is fast becoming the most attractive perk on offer to expatriates working in Britain, as the country that boasts the oldest public health service in the world struggles to spread the cost of health care.

John Major's government has forged ahead with attempts to introduce market disciplines into the National Health Service (NHS), despite cries of protest from doctors and opposition politicians. In the meantime, private health insurers — who offer policyholders the chance to jump the long lines for NHS treatment — have never had it so good.

"People want private cover because it allows for speed and choice," said David Bryant, spokesman for British United Provident Association (BUPA), the country's leading private health insurer. Private medical cover allows policyholders free access to any one of Britain's 12,000 consultant doctors and leaves complete discretion on treatment to the consultant chosen. It also opens the door to Britain's growing number of private hospitals.

About 11 percent of British residents are covered by private medical insurance, according to Mr. Bryant. That figure should reach 16.5 percent by the end of the century, he said. Corporate members account for about 60 percent of total policyholders and that figure

is rising as employees come to expect private care as part of their remuneration package.

Leo Puri, a management consultant at the London office of Chicago-based consultancy A.T. Kearney, said employees working in Britain increasingly expect private health cover and many companies are boosting the level of benefit on offer.

"There is no question that it is an essential part of compensation," said Mr. Puri. "People are worried about relying on the NHS, not just expat workers but also British employees." A.T. Kearney offers full BUPA benefits to all its employees, many of whom elect to pay a premium for their spouses to have coverage.

That trend looks set to continue. A recent report by management consultants Andersen Consulting, a London-based unit of Arthur Andersen & Co., predicts that more and more private money will be spent on health care in Britain as patients supplement public provisions with private insurance.

This is good news for the handful of insurers that dominate the health-care market. The biggest of these, including BUPA, are provident associations, or non-profit mutuals. Other insurers have sought to win a share of this fast-growing market, including Norwich Union, Sun Alliance and Cigna Employee Benefits.

The only downside risk for these insurers is that the cost of private health care might soar to the point where it ceases to be an attractive benefit for companies to offer.

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1892-94

# SPORTS

## Cavs Clamp Down On Robinson, So Spurs Turn to Ellis

The Associated Press

Pay too little attention to David Robinson and he will destroy you. Pay too much attention to Robinson and Dale Ellis will destroy you.

While Cleveland's defense harassed Robinson into 6-for-22 shooting Thursday night, Ellis scored 31 points and made the winning three-point play with 4.2 seconds left.

### NBA HIGHLIGHTS

Ones left as the San Antonio Spurs beat the Cavaliers 98-97, in Richfield, Ohio.

"The guys found me for some nice looks on the perimeter," Ellis said. "I had some shots that were pretty much uncontested."

Ellis sank all four of his 3-point attempts, adding a free throw after one of them for a rare 4-point play midway through the fourth quarter.

But his biggest basket came at the end, when he took a pass from Robinson and sank a layup while getting fouled by John Williams. With the free throw, the Spurs had their fifth consecutive victory and their 16th in 19 games.

"We were trying to get the ball inside to David for an easy basket," Ellis said. "They were so aware of me coming off picks to take the jump shot, I was able to slip back door for the easy look and David found me wide open underneath the basket."

Ellis, who made 10 of 13 shots, has averaged 30.6 points over the last three games.

Mark Price led the Cavaliers with a season-high 29 points. Cleveland played most of the game without Brad Daugherty, who had the rim and left after playing eight scoreless minutes in the first quarter. But Larry Nance and Williams filled in expertly, teaming to hold Robinson nine points below his average. Nance scored 19 points, Williams 12.



Jack Smith/The Associated Press  
The Suns' Elliot Perry driving the Trail Blazers' Cliff Robinson during Portland's 126-105 victory.

## Buddy Ryan Will Coach Phoenix

Compiled by Our Staff From Dispatches

PHOENIX, Arizona — Buddy Ryan, the controversial Houston Oilers' defensive coordinator, has been named head coach and general manager of the Phoenix Cardinals, the NFL team announced.

Ryan signed a four-year contract Thursday to take over the Cardinals' operation.

He promised to bring his trademark attacking defense to Phoenix. "We'll be playing 'Buddy Ball,'" Ryan said. "That's smart, physical football, the kind people like to see."

Cardinals' owner Bill Bidwill fired head coach Joe Bugel on Jan. 24 after the team finished 7-9. Larry Wilson was fired as general manager on Dec. 14.

Ryan, who will be 60 next week, is regarded as one of football's most innovative and effective defensive coaches. He made the Oilers the top-ranked defense in the American Football Conference with 238 points allowed last season.

Houston registered a club record 52 sacks in Ryan's first year as defensive coordinator and the Oilers led the league with 26 interceptions.

Despite his success with the Oilers, Ryan was at the center of controversy in Houston because of his rift with offensive coordinator Kevin Gilbride that came to a head when he threw a punch at Gilbride

on national television during the final game of the regular season.

Ryan, rather than apologize for his actions, later insulted Gilbride in newspaper interviews, saying the offensive coordinator had no business coaching in the pros.

There had been speculation that the incident may have cost Ryan any chance at another head coaching position but Bidwill felt he was the man to turn the Cardinals into contenders.

Ryan was a defensive assistant with the Jets (1968-75) and the Minnesota Vikings (1976-77)

before becoming the defensive coordinator of the Chicago Bears (1978-85). There, he devised the 46 defense, which places great pressure on a quarterback by putting eight defenders on or just behind the line of scrimmage.

That defense helped the Bears win Super Bowl XX after the 1985 season.

Then Ryan became the head coach of the Philadelphia Eagles (1986-90) and led them to the playoffs three straight years, but each time they were knocked out in the first round. He frequently criticized the Eagles' owner, Norman Braman.

When Ryan made one snide remark too many, Braman did not renew his contract, and never mind that Ryan won 10, 11 and 10 games in his last three seasons.

(Reuters, NYT)

### DENNIS THE MENACE

#### PEANUTS



#### BLONDIE



#### BEETLE BAILEY



#### DOONESBURY



## Arnie, Army in Tow, Calls Up the Past With a 69

By Larry Dorman  
*New York Times Service*

became the King. He hit 14 greens, missed just 2 fairways and took only 29 puts.

"It was a good round," Palmer said. "Not a spectacular round, but a good round. It was the kind of round I'd like to play a whole lot more of in the days to come."

The raucous throng that besieged Palmer summoned memories of Arnie's Amy, whooping, hollering and cheering their man on. And Palmer's play summoned memories of the days of Arnie, when he once was, Arnold Palmer returned to the leader board.

In the first round of the AT&T Pebble Beach National Pro-Am, playing on Spyglass Hill, the most difficult of the three tournament courses, Palmer, 64, was only five shots from shooting his age.

His 3-under-par 69 on Thursday put him four shots behind the tournament's leader, Dudley Hart, and three shots behind Jay Delsing, who shot 66 at Pebble Beach, and the surprising Jerry Pate, whose 66 at Pebble Beach was his lowest round since he began playing orange golf balls.

Palmer hasn't shot a round this low here since 1971, when this tournament was the Crosby and Richard Nixon—one of the five presidents with whom Palmer has played golf—was in the White House. Thursday, playing in a group that included a former president, George Bush, Palmer once again

putted the stroke to make his way around the demanding Spyglass layout in 29 putting.

He saved par twice with 5-footers and made birdie putts of 15, 5, 4 and 15 feet. On the front nine, he missed one makable putt and had a 10-footer cruise the edge of the hole and stay out at the 15th.

Palmer's confidence got a substantial boost when he played well last week in the Senior Skins Game in Hawaii. He finished second in the four-man field with \$115,000 in skins, and was encouraged by the way he was striking the ball.

Of course, he has had this feeling before. Many times. Low first rounds have a way of slipping into high second rounds. Palmer's last victory of any kind was the 1988 Crestar Classic on the Senior PGA Tour, and his last victory on the regular PGA Tour was the 1973 Bob Hope Desert Classic.

He labors under no illusions about the rest of this tournament. In the first three rounds, each golfer plays one round at Pebble Beach, Spyglass Hill and Poppy Hill. Those who survive the 54-hole cut finish the tournament on Sunday at Pebble Beach.

Still Palmer was enjoying his return to the top of the page, reveling in the knowledge

that he was the low senior in a field that includes Jack Nicklaus, Raymond Floyd and Dave Stockton.

"Of course I'm charged up," he said. "When I can't get charged and don't do something reasonable with my game, when I start chittering up the area, then I won't be playing."

#### Faldo Misses Cut in the Walker

World No. 1 and defending champion Nick Faldo missed the cut in the Johnnie Walker Classic on Friday, Reuters reported from Phuket, Thailand.

Fred Couples, the first round leader, and Bernhard Langer tied in first place at the halfway stage.

Faldo, feeling the effects of a six-week midwinter break, missed the 4-over-par 148 cut after adding a second round 4-over 76 to his opening round 73. "Every part of my game is rusty at the moment," he said.

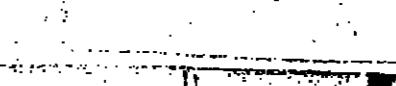
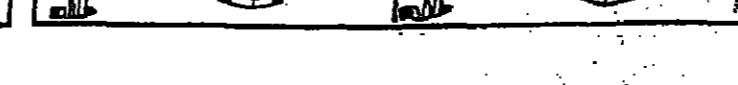
Langer fired a 70 for a six-under par total of 138.

Fifth-ranked Couples found the water, with a seven-iron on the tricky par-3 14th for a double bogey and finished with a par 72, to add to his first day's 66.

### CALVIN AND HOBBES



### WIZARD OF ID





DAVE BARRY

*Oh, My Aching Mouse*

**M**AMI — People often say to me: "Dave, as a professional columnist, you have a job that requires you to process large quantities of information on a timely basis. Why don't you get a real haircut?"

What these people are REALLY asking, of course, is: How am I able to produce columns with such a high degree of accuracy, day in and day out, 54 weeks per year?

The answer is: I use a computer.

This enables me to be highly efficient. Suppose, for example, that I need to fill up space by writing BOOGER BOOGER BOOGER BOOGER. To accomplish this in the old pre-computer days, I would have had to type "BOOGER" five times. But now all I have to do is type it once, then simply hold the left-hand "mouse" button down while "dragging" the "mouse" so that the "cursor" moves over the text that I wish to "select," then release the left-hand "mouse" button and position the "cursor" over the "Edit" heading on the "menu bar"; then click the left-hand "mouse" button to reveal the "edit menu"; then position the "cursor" over the "Copy" command; then click the left-hand "mouse" button; then move the "cursor" to the point where I wish to insert the "selected" text, then click the left-hand "mouse" button; then position the "cursor" over the "Paste" command; then click the left-hand "mouse" button four times; and then, as the French say, "Voilà!" (Literally, "My hand hurts!").

If you need this kind of efficiency in your life, you should get a computer. I recommend the kind I have, which is a "DOS" computer ("DOS" is an acronym, meaning "ROM," which means "way beyond normal human comprehension").

It was invented by Bill Gates. He is now one of the wealthiest individuals on earth — wealthier than Queen Elizabeth; wealthier even than some people who fix car transmissions — and do you want to know why? Because he's the only person in the world who understands "DOS." Every day he gets frantic phone calls:

**BUSINESS EXECUTIVE:** Our entire worldwide corporate account-

ing system is paralyzed, and no matter what we type into the computer, it replies: "WHO WANTS TO KNOW?" (signed) DOS."

**BILL GATES:** Ha-ha! I mean, sounds pretty serious.

**BUSINESS EXECUTIVE:** So THAT'S what that thing does! Thanks! The check is on the way!

**BILL GATES:** O.K. Press the "NUM LOCK" key.

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